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THE UNIVERSITY OF ALBERTA

AN EVALUATION OF RETAIL PORK PROMOTION BY PRODUCERS

by

(C) REGINALD RICHARD NORBY

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES

IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE

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EDMONTON, ALBERTA

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FACULTY OF GRADUATE STUDIES

The undersigned certify that they have read and recommend to the Faculty of Graduate Studies for acceptance a thesis entitled "An Evaluation of Retail Pork Promotion by Producers," submitted by Reginald R. Norby in partial fulfilment of the requirements for the degree of Master of Science.

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Date 21.VI.74

ABSTRACT

Agricultural commodity promotion by producers at the retail/consumer level is of relatively recent origin in Canadian food marketing, consequently, it warrants empirical examination. The end result of promotion is reflected at the retail level in a change in consummer purchases.

The broad objective of this thesis is to evaluate retail commodity promotion as a tool for improving the marketing position of the producer. Since this is a study of an 'introduction of a new order of things', an examination of the developmental framework of promotion as a marketing tool and its subsequent evaluation is of primary importance.

Observation of the retail meat department environment in the evaluation of pork promotion reveals the fresh meat interrelationships, socio-economic differences and the sales effectiveness of pork promotion. The results of the analysis suggest that commodity promotion by producers is a valuable marketing tool, that it does not adversely affect the other fresh meats and that it fills a void in providing consumer information.

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CHAPTER I

INTRODUCTION

> I do not know whether pcrk is at a crossroad and must turn right or left or whether it is on a threshcld before an open door and need only move into its own very promising future. I prefer the latter view. A crcssrcad implies a choice, and there may be no choice. An open door implies opportunity--and I believe the opportunity is a fact.
>
> Herrell DeGraff,
> President,
> American Meat Institute

The Importance of the Pork Industry

The Alberta hog industry is a primary source of Canadian pcrk. In the five-year period, 1965-69, producers in the Prairie Provinces marketed 36.6 percent of Canadian commercial hog marketings, whereas the producers in Ontario and Quebec marketed 59.2 percent of the total. The Alberta hog producers are the principal prairie producers, marketing on the average of 55.4 percent of the prairie total and ranking as the third largest Canadian producer behind Ontaric and Quebec (Table 1.1).

The hcg production enterprise constitutes a significant sector of Alberta agriculture. In 1968, Alberta farmers sold slightly more than 1.8 million hogs and realized

TABLE 1.1

DISTRIBUTION OF CANADIAN HOG PRODUCTION

Year	Prairies as Proportion of Canada	Ontario as Proportion of Canada	Quebec as Proportion of Canada	Alberta as Proportion of Canada	Alberta as Proportion of Prairies	Canadian Production
			- Percent -			-mil. hogs-
1965	38.4	37.2	20.9	23.1	60.1	7.1
1966	35.1	37.7	23.2	19.7	56.0	6.8
1967	35.7	35.8	24.5	19.1	53.5	8.2
1968	37.4	34.8	23.3	20.8	55.7	8.1
1969	36.6	35.4	23.0	18.9	51.6	7.5
1965-69 Average	36.6	36.2	23.0	20.3	55.4	7.5

Source: Canada Department of Agriculture. Livestock Market Review Table 35, 1966-67, 68 and 69.

approximately $78.6 million.[1] In that year these receipts accounted for 10.0 percent of the total gross farm income for Alberta.[2] This production is apparently becoming increasingly more specialized and is tending toward larger productive units. Evidence of this trend is found in the 1966 census of Alberta with 45,643 farmers reporting hogs in 1956, and 28,544 farmers reporting hogs in 1966. However, the small producer remains relatively important as 50 percent of Alberta hogs are produced on farms marketing less than sixty-two pigs per year.[3]

Pork is the second most important red meat consumed by Canadians. Canadian per capita consumption of pork has, however, remained relatively constant over the last twenty-five years, with the twenty-five-year average (1945-69) being 50.9 pounds per capita. During this same period the per capita consumption of both beef and poultry has increased considerably from a 1945-59 average consumption of 63.3 pounds per capita and 17.0 pounds per capita, respectively, to a 1965-69 average of 85.0 pounds per capita

---

[1] Alberta Department of Agriculture, Statistics of Agriculture for Alberta 1967 and 1968 (Edmonton: A.D.A., 1968) 18, 19.

[2] Ibid., p. 31. The 1969 figures indicate that hog production realized $83.5 million which was nearly 12.2 percent of the 1969 total cash farm receipts for Alberta.

[3] J. Dawson, "Locational Analysis of Hog Assembly Centers" (unpublished M.Sc. Thesis, Department of Agricultural Economics and Rural Sociology, University of Alberta, 1970).

and 39.8 pcunds per capita, respectively.[1]

Ccmparison of Canadian per capita meat consumption with the equivalent United States figures reveals an overall lower meat per capita consumption for Canada (Table 1.2). Although the actual Canadian per capita consumption of meat is considerably less than the per capita meat consumption in the United States, the relative percentage composition of per capita meat consumption by the various meats is of relatively the same proportion for both countries (Table 1.3).

Alberta Hcg Producers Enter the Field of Pork Promotion.[2]

In the early 1960's there was increased concern among producers regarding the decline in the number of hogs that were establishing the base price for the Alberta hog market. In 1965, less than 9 percent of the total hogs marketed established the base price.[3] Mcreover, the marketing system

---

[1] Dominion Bureau of Statistics Canada Yearbook, (Ottawa: D.B.S., 1961, 1971).

[2] A more detailed documentation of the developments leading to the formation of the Alberta Hog Producers Marketing Board can be found in Chapter II of a manuscript entitled " An Economic Analysis of Daily Hog Price Fluctuations and Supply Response " by R. A. Anderson of the Department of Agricultural Economics and Rural Sociology, University of Alberta.

[3] T. W. Manning, Performance of the Hog Marketing System in Alberta, Agricultural Economics Research Bulletin 4 (Edmonton: Department of Agricultural Economics and Rural Sociology, University of Alberta, July, 1967), 9.

TABLE 1.2

PER CAPITA MEAT CONSUMPTION IN NORTH AMERICA

Commodity	1967		1968		1969	
	Canada[a]	U.S.A.[b]	Canada	U.S.A.	Canada	U.S.A.
	Pounds per Capita					
Beef	84.0	106.2	86.7	109.4	86.4	110.7
Veal	7.2	3.8	6.4	3.6	5.1	3.4
Pork	53.8	63.9	53.6	66.0	51.9	64.8
Lamb & Mutton	3.6	3.9	4.2	3.7	4.0	3.4
Total Red Meat	148.6	177.8	150.9	182.7	147.4	182.3
Poultry[c]	40.7	45.7	39.7	45.1	42.8	47.1
Total Meat	189.3	223.5	190.6	227.8	190.2	229.4

[a]Dominion Bureau of Statistics.

[b]United States Department of Agriculture, Economic Research Service.

[c]Economic Research Service, U.S. Dept. of Agriculture, Poultry and Egg Situation, April 1970, Table 3, p. 19.

TABLE 1.3

PERCENTAGE COMPOSITION OF PER CAPITA MEAT CONSUMPTION 1969 [1]

Commodity	Canada		United States	
	% of total meat	% of red meat	% of total meat	% of red meat
Beef	45.4	58.6	48.3	60.7
Pork	27.3	35.2	28.2	35.5
Poultry	22.5	-	20.5	-
Pork/Beef	60.1		58.5	
Poultry/Beef	49.5		42.5	
Poultry/Pork	82.5		72.7	

[1] The percentage figures shown in this Table have been calculated from Table 1.2.

that had developed to this time appeared to be somewhat more beneficial tc tle packer since the packer purchased most of his hcgs cutside the terminal markets. The market performance of this system, then, has tended to be degressing rather than progressing, as was concluded in Dr. T. W. Manning's bulletin.[1] He concluded that produced prices were inadequate in several respects and that these prices were related to the unequal distribution of market power, inadequate competition in establishing hog prices, excessive marketing costs and charges, and excessive variations in prices received by producers.

The result of this concern was that the producers made a concerted effort to resystematize the Alberta hog marketing structure. The product of this effort, to change tradition, eventually led to the formulation of three alternative marketing plans which were proposed by various producers' groups or marketing organizations in the fall of 1967. Alberta hcg producers voted for their choice in the fall cf 1968, with the outcome of the plebiscite favoring a marketing board system.

Under the new marketing board structure, all market hogs raised within the province had to be sold through the

---

[1] Market performance being defined by the standard that return to producers should reflect the value of the products to consumers less the minimum costs necessary to provide the desired marketing services.

Board's selling mechanism. The actual selling function utilizes a dutch-auction system with incremental price reductions of five cents. The designated charge or checkoff made by the Board for performing the selling and other related functions, was established at thirty cents per hog marketed. Market research and product promotion has been allocated five cents of this checkoff.[1]

The new Board was interested in moving into the field of product promotion as soon as possible, with the result that a consumer consultant was hired in February, 1970, to initiate a promotional and educational campaign for Alberta pork. Throughout the spring of 1970 market research and campaign development was undertaken. The Board's first promotional program was launched in June, 1970, and continued through September, 1970. This campaign was centered primarily in the cities of Edmonton, Calgary, and later in the Vancouver area.[2]

The Need for the Study

The major considerations within the hog industry in the past have been concerned with industry improvements at the producer level, and have ingored almost entirely the

---

[1] Appendix A gives a general description of the Board and its invested powers.

[2] Appendix B outlines in further detail the Board's pork promotion campaign.

possiblility of improvements at the retail-consumer level. Alberta producers are raising and marketing hogs with little knowledge of or regard for what becomes of hogs after they leave the "farm gate". Concurrent with this initiation of a pork producers' promotional campaign must be a research undertaking focused on the retail-consumer segment of the marketing channel. In order to achieve any promotional goal it is necessary to understand the environment within which one is working.

The pork industry has paid little or no heed to a fundamental law of marketing: "Make what people want to buy; don't try to sell what you happen to make." The result has been that Canadians are increasing their yearly total meat consumption but are consuming proportionately less pork. Thus, there exists a necessity for research focused on aspects pertaining to final consumption. These investigations will aid not only those within the industry but also pork consumers. By studying pork merchandising, producers will be potentially more capable of meeting consumer demands and increasing their market by creating a demand for pork.

More specifically, any promotional campaign should be coupled with an evaluation of the effectiveness of the promotion. In the business world, measurement of results achieved through promotion is considered essential to sound

practical operations. Without promotion evaluation, weak and ineffectual programs may be perpetuated year after year, dissipating promctional funds. Therefore, the Alberta pork promotion campaign needs to be realistically evaluated in crder to determine if there should be further attempts and, if so, to establish guidelines for any further promotional activities.

The Basic Objectives and Goals of the Study

The required underlying objective of the study was to establish ccntact with firms and individuals in the industry since relatively little research of any nature has been undertaken in the area of the roles and relationship among packers, retailers, and consumers. Concurrent with this were the following five broad objectives:

1. To achieve the coeperation of those within the industry since only with this internal cooperation could any documentaticn or study of what is happening at the retailer-consumer level be accomplished.

2. To open the door for future continued research in the area of retail commodity marketing.

3. To study all fresh meats at the retail level with particular attention paid to pork and its relationships with other meats.

4. To measure the effectiveness of the pork promotion campaign as a tool fcr expanding the pork market.

5. To determine, if possible, the role of producer groups such as the Alberta Hog Board in the field of commodity marketing and, more specifically, to ascertain what they should be doing in the area of advertising and promotion.

Specifically, the basic goals were two-fold:

1. to monitor and analyze metropolitan retail meat prices within different social, economic, and regional areas of the city, and in relation to pork promotion campaigns; and 2., to monitor and analyze the relative quantity movement of the various meats in relation to the above noted points.

It should be mentioned that some personal promotion campaign development was undertaken by the author on a very limited scale. The aim of these attempts was to aid the evaluation of the effectiveness of various promotional techniques in the marketing of pork.

Sources of Data and Procedural Technique

The data used in this study were obtained chiefly from research carried out by the author. This research was undertaken with the full cooperation of a major wholesale-retail organization in the metropolitan area of Edmonton. Other sources of information included retail food store advertisements printed in the local newspaper, extensive

personal interviews with varicus people within the industry and research data collected by the Department of Agricultural Economics and Rural Sociology, University of Alberta.

Further details concerning the sources of data and procedural technique will be found in the first section of Chapter V.

Limitations of the Study

Since the research undertaken was an initial investigation in a new field of study, it was limited primarily tc the basic principle of observation and notation leaving any manipulations to future research. The initial sections of Chapter V discuss the specific data limitations that arose in the study.

Scope of the Thesis

The fcllowing chapter will discuss the role of commodity group promotions and some of the problems faced by such groups. This chapter concludes with a review of literature concerning agricultural commodity promotion and evaluation cf these programs. Chapter III is concerned with the development and execution of an agricultural commodity market plan. Chapter IV pertains to the evaluation of market development and promotion programs. Chapter V will

focus on the sales effectiveness of the Board's promotional campaign as indicated by the results of the study. In this chapter price and cross elasticity analysis will be of prime importance. Chapter VI discusses conclusions, recommendations and implications of the study.

CHAPTER II

ADVERTISING AND AGRICULTURAL COMMODITY PROMOTION GROUPS - A REVIEW OF LITERATURE[1]

> It is fair to say that advertising will never become an exact science; but it is equally certain that it is moving in a scientific direction. Mathematical, behavioral, and social sciences are beginning to clear up some of the cloudier areas which prevent advertisers from making a reasonable evaluation of their advertising investment. Despite some skepticism and even hostility, measurement of advertising and its effectiveness can be and is being accomplished to an encouraging extent: quite precise in some sectors, indeterminate as yet in others.
>
> The proviso is that the results achieved, whether tangible or otherwise, must be considered as a guide to judgement, not as a substitute for it.
>
> Obermeyer, Successful Advertising Management, 1969, 166.

Advertising, an inexact, abstracting science, is a vigorous form of communication that for better or for worse, influences us all. Moreover, as one becomes involved with it, the subject of advertising becomes more complicated. It is not possible to trace cause and effect in advertising since advertising does not operate in a controlled environment. Thus advertising lends itself to criticism by

---

[1] Due to the short comings of the English language, a clear definitional seperation of the terms advertising and promotion is extremely difficult. It should therefore be noted that the 'advertising' discussed in this chapter is 'all encompassing' and includes promotion. In Chapter III, however, an attempt is made by the author to differentiate and put into some perspective the relationship of promotion and advertising.

"laymen experts" who have little knowledge of how advertising works. This criticism is further induced by advertising itself, because advertising, unlike other business activities such as production, purchasing or accounting, calls consistent attention to itself - to its failures as well as to its accomplishments.

The purpose of this chapter is to discuss advertising as it relates to three areas of economic activity, namely:

(1) advertising and the theory of the firm;

(2) advertising and its importance for farm products in general; and,

(3) advertising and agricultural commodity promotion groups.

Advertising and Economics[1]

Before the turn of the last century, economists paid little or no attention to advertising. And for good reason, since mass advertising understandably had little economic or social importance before the present century. In the twentieth century the majority of economists also have had little to say about advertising. Perhaps this is a result of the classical economists bequeathing no categories within which the subject of advertising could be easily fitted. Or

---

[1] This section is based on the introductory notes of J. S. Simon, Issues in the Economics of Advertising (Urbana: University of Illinois Press, 1970).

it may be that advertising really has little importance to the economy as a whole.

A few twentieth century economists, however, have concluded that advertising has important effects on a developed industrial economy, while others have at least considered the subject worthy of study.[1] But scarcity of basic knowledge of how advertising works, both at the firm level and at higher levels of aggregation, has prevented the subject from advancing very much.

Major obstacles have hindered the investigation of advertising's economic and social role. Some of these obstacles are:

1. The fact that advertising does not function solely in a static economy. "The introduction of dynamic conditions into our analysis necessitates a considerable change in the statement of optimal conditions. The difference is not one of principle, but it is nevertheless important ".[2] Advertising well exemplifies Samuelson's point because the most important of its causes and effects are long run and entwined with culture and tastes.

2. A second obstacle to the successful study of advertising is the scientific urge to bring all sub-types of

---

[1] Some of these economists and their contributions will be acknowledged in the upcoming sections of this chapter.

[2] P. A. Samuelson, Foundations of Economic Analysis (Cambridge: Harvard University Press, 1947), 253.

a phenomenon under the same theoretical blanket.

3. A third obstacle to the understanding of advertising's economic effects has been ignorance of the microeconomics of advertising. This obstacle ,however, is gradually being lessened as students of advertising learn more about the mechanism of advertising as a selling device, with the result that we are also in a better position to understand the macroeconomics of advertising.

Advertising and the Theory of the Firm

The economic analysis of advertising and promotion is of relatively recent origin. Pre-Marshallian economists were fully aware of advertising; however they failed to deal with the subject analytically. Although Marshall does list "advertisement" in the index of the Principles of Economics[1] there is, in the text, little analytical discussion. In his Industry and Trade[2] , Marshall distinguishes between what is presently known as "informative" and "persuasive" advertising, but again he does not develop them into an integral part of his subject. Pigou, in Economics of Welfare[3] , attempted to develop a broad framework for considering the social and welfare aspects of advertising

---

[1] A. Marshall, Principles of Economics (London: Macmillian, 1916).
[2] A. Marshall, Industry and Trade (London: Macmillan, 1919).
[3] R. Pigou, Economics of Welfare (London: Macmillan, 1920).

and similar activities; still he did not articulate a theory in which advertising was incorporated. It was not until the late 1920's that the stage was set with Sraffa's paper[1] in 1926 and those of other writers. In the Economics of Imperfect Competition[2], Mrs. Robinson chose to shy away from the task and it is to Chamberlin's Monopolistic Competition[3], that credit must be given for developing a theory of the firm which incorporates in a meaningful way selling costs which include advertising and promotion.

Chamberlin's solution within its own framework, however, was not a general one. His solution was in a static analysis in that all variables were fixed except one. He recognized that a more complete solution involved simultaneous variation in price, output and selling cost, but he commented on the equilibrium adjustment rather than developing it. This, then, was the extent of development until the 1940's when a short-run profit maximizing solution was advanced utilizing a more general analysis with price, volume, quality, and selling costs each being variable .

---

[1] P. Sraffa, "The Laws of Returns under Competitive Conditions," Economic Journal (Vol. 36, December, 1926), 535-550.

[2] J. Robinson, Economics of Imperfect Competition (London: Macmillan, 1933).

[3] E. Chamberlin, The Theory of Monopolistic Competition; A Re-orientation of the Theory of Values, (Cambridge: Harvard University Press, 1933).

Barford[1] postulated that the traditional theory of monopoly in which the monopolist has only one "action parameter", viz., price, at his disposal could be generalized by introducing advertising.

Buchanan[2], in a graphical treatment, attempted to combine varying advertising expenditures and varying prices (and quantities) at the same time and to indicate what combination of them would maximize returns to the enterprise. From his analysis he concluded:

> First, the more advertising increases the price elasticity of demand for the product as the curve shifts to the right, the less, ceterius paribus, will be the rise in price.
>
> Second, the more nearly the firm is operating under conditions of falling average cost before advertising is undertaken, the greater the liklihood, ceteris paribus, that the average combined costs - production and selling - will be as low as or lower than production costs alone before advertising was undertaken[3].

Stigler[4] utilized indifference curve analysis in illustrating how the formal pricing principle is modified upon introducing selling costs.

> The monopolist will determine both selling expenditures and output (and hence price) by

---

[1] B. Barford, "The Theory of Avertising," Abstract in Econometrica (July, 1940, 279).
[2] N. S. Buchanan, "Advertising Expenditures: A Suggested Treatment," Journal of Political Economy , (August, 1942).
[3] Ibid. , 556.
[4] G. Stigler, The Theory of Price , (New York: Macmillan, 1946).

> equating the marginal revenue of selling expenditure to its marginal cost and equating the marginal revenue of output to its cost[1].

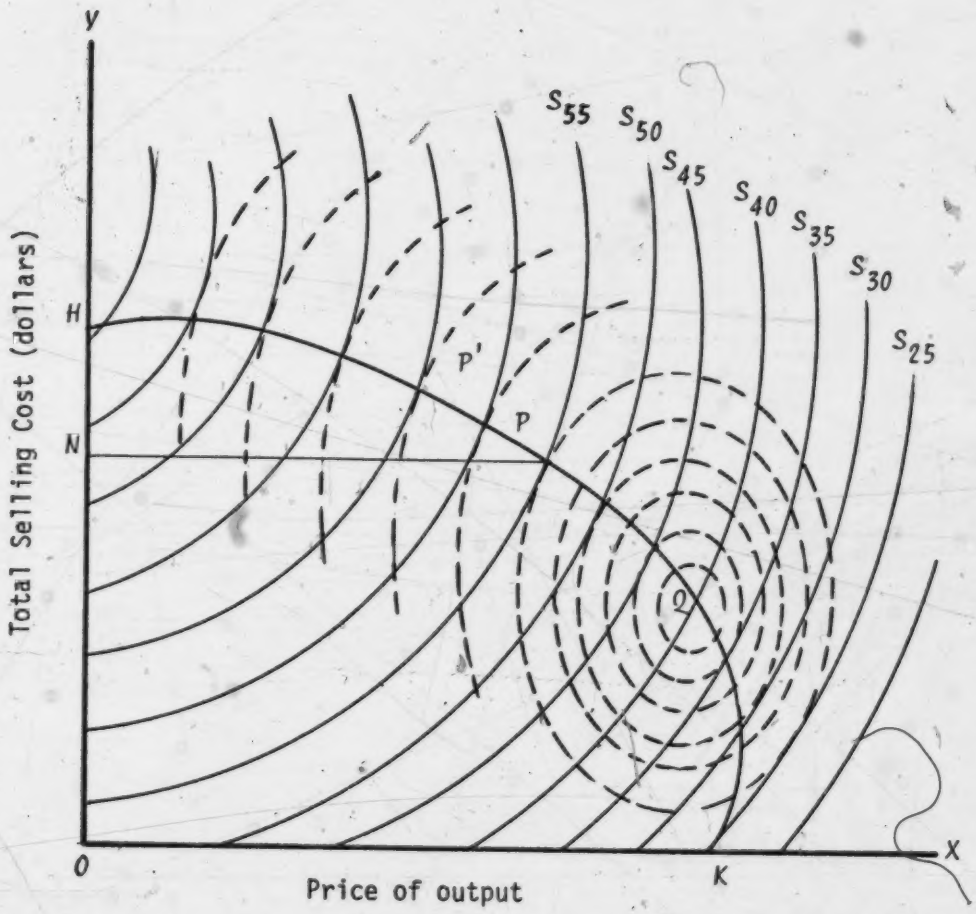
A similar but more refined analysis was undertaken by Boulding[2] as he distinguished between selling costs and production costs. His theory of selling costs can be best illustrated graphically using a system of "sales contours" (solid lines) and a system of "production revenue contours" (dotted lines), as shown in Figure 2.1. For any sales contour, S50, the point where it is touched by a production revenue contour, p, is the point whose co-ordinates show the best way of selling the quantity of output represented by the sales contour - in this case, 50 tons. Similarly, the best combination of price and selling cost for selling any other output can be found. All these points lie on a line HPQK, which may be called the "sale line" and is the line indicating the optimal way of expanding or contracting sales.

Dorfman and Steiner[3] in their article dealing with the principles of quality competition, indicated among other

---

[1] Ibid., 260.
[2] K. E. Boulding, Economic Analysis, (New York: Harper, 1948).
[3] R. Dorfman and P. O. Steiner, "Optimal Advertising and Optimal Quality," American Economic Review, (Vol. 44, No. 5, December, 1954), 826 - 836.

FIGURE 2.1: The Theory of Selling Cost



things that:

> "A firm which can influence the demand for its product by advertising will, in order to maximize its profits, choose the advertising budget and price such that the increase in gross revenue resulting from a one dollar increase in advertising expenditure is equal to the ordinary elasticity of demand for the firm's product.[1]

This is the stage reached by the conventional treatment of advertising as incorporated into the theory of the firm. The theoretical developments of advertising and promotion appear to have failed in establishing an initial base from which to develop their analysis.

The Role of Advertising

The role and purpose of advertising, and promotion is traditionally thought of in the context of increasing sales and net profits. To achieve this end, advertising attempts to develop a monopolistic position with respect to some special set of attributes that set the particular product apart from other products. That is, advertising seeks to instill a notion of uniqueness real or imaginary in the mind of the potential consumer by changing the position, image,

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[1] Ibid., 826. The Dorfman-Steiner model has been extended to cover the situation in which present advertising expenditures affect the future demand for the product in an article by Marc Nerlove and Kenneth J. Arrow, "Optimal Advertising Policy Under Dynamic Conditions," Economica (May 1962), 129-143. Also of note is: P. J. Dhrymes, "On Optimal Advertising Capital and Research Expenditures under Dynamic Conditions" Economica (August 1962), 275-279.

or characteristic of the product in time and space.

Advertising and promotion of agricultural commodities, either by brand or commodity, can be beneficial to consumers by informing them of price, availability, and special use characteristics[1]. Information informs the consumer of purchase opportunities in the market and minimizes the total expenditure of time and money for food. Advertising and promotion have a role of informing consumers about the availability of new food products and their special use characteristics. Information on special uses and preparation of foods as provided by advertising and promotion has played an important role in aiding consumers.

Advertising and promotion have a special role in changing the image of a product through the development of more favorable ones. Utilization of many farm products has suffered because of unfavorable images. Over time a sizable part of the consumer public may have been exposed to claims or implications adversely affecting the consumption of a product. Through advertising, many older product images are being remodeled and given a more "modern" look. Each commodity group has the responsibility of closely examining its products' consumer image to ascertain whether it might be improved.

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[1] J. D. Shaffer, "Advertising in Social Prespective," Journal of Farm Economics (Vol. 46, Pt. 2, 1964) 387 - 388.

Advertising and promotion are major competitive weapons, employed to gain a larger percentage of the consumer's dollar or a stronger position within the market.

Perhaps the most relevant and important conjecture concerning the elementary concept that consumption is the end pcint of production and therefore the economics of selling was made by Dr. DeGraff:

> Economically speaking the capacity to produce is less critical than the ability to sell[1].

What is produced must be sold, with a reasonable exchange of value for value in the market place, or the production is economically futile.

Forms of Commodity Advertising and Their Effectiveness

The advertising and promotion of agricultural products can be classified according to either of two broad approaches:

1. Those attempts taking place on a branded basis;

or, 2. Those undertakings utilizing an unbranded or commodity apprcach. The mcst important of these two approaches has been the utilization of brand or differentiated advertising in the selling of farm products.

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[1] H. DeGraff, "Economic Aspects of Food Avertising and Promotion," Journal of Farm Economics (Vol. 37, 1955), 1466.

What follows will be a brief discussion of brand advertising and its effectiveness; while the commodity approach will be analyzed in the latter sections of this chapter.

Differentiation for agricultural products, as for most other products, has been the foundation in the establishment of product markets. In differentiating a product, the firm attributes to its product particular characteristics, making it somewhat different from the products of other firms, thereby withdrawing the firm from a position of atomistic competition. That is, the firm wishes to identify, differentiate, and glorify a particular product in the minds of consumers in such a way as to make them insist upon its product, regardless of price. Thus the firm would prefer to compete on a level or plane of distinction where non-price factors rather than price attract the consumer. Trade-marking (brand establishment) and advertising can furnish the means for the attainment of this goal. Through advertising and promotion, the firm seeks to inform consumers of the benefits accrued through the purchase and use of the "special product". Assuming purchasers react favorably and tend to purchase increased quantities at the former price, the demand for the product has now changed[1]. In addition to an upward shift in demand, the slope of the firms individual demand curve should change from infinite to

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[1] N. Kaldor, "The Economic Aspects of Advertising", Review of Economic Studies, (1950), 1-27.

something less elastic.

In a dynamic economy, advertising and promotion are likely to create monopolistic conditions that can be exploited cnly temporarily[1]. Regardless of the products origin any imputed characteristic that gives a product "sales dominance" immediately brings forth a challenge from competitors who may market a similar product giving it characteristics of equal if not superior, qualities as compared to the original product. If competing firms are able tc copy the imputed qualities and this is accepted by consumers, then the firms' products within the industry become homcgeneous again. On the other hand, competitive firms may respcnd to the challenge by developing new, but different, inncvations thus developing their own monopolistically competitive structure[2]. This action gives consumers a new set of heterogenous products.

Brand promotion as noted above has been the primary vehicle for the marketing of agricultural products. Just how successful has this type of selling been?[3]

Measurement of the effectiveness of promotion upon

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[1] N. H. Borden, The Econcmic Effects of Advertising (Chicagc: Irwin, 1942), 438

[2] E. Chamberlin, The Theory of Monopolistic Competition: A Re-orientation of the Theory of Values (2nd ed.; Cambridge: Harvard University Press, 1936).

[3] For the purposes for this thesis the author is concerned primarily with the effect cn sales as a measure of the success of brand promotion.

sales has been the elusive goal of much research. Apart from particular promotional efforts such as mail-order selling, the determination of the promotion-sales relationship is no simple task. Consequently, many researchers in the field of advertising and promotion have restricted their attention to an evaluation of promotion according to its effect upon communication (awareness of brand, attitude toward the brand, knowledge or recall of product claims). As useful as these measures may be in the creation of more effective advertising copy or media, they do not satisfy management's profit-oriented need for a measure of sales influence.[1]

Although brand promotion has been developing in prominence since the Industrial Revolution, the necessary evaluation of its effectiveness was of little consequence until the dawning of the twentieth century. Some of the first attempts were those of Starch[2] and Gragg[3]. These initial attempts were just that -- "initial" -- and were mainly the writers' observations with little quantitative data and analysis. The focal point of these studies was the need for making advertising more effective and to hopefully

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[1] Many articles dealing with the various aspects of the economics of advertising are touched on in this thesis, or are listed in the bibliography.

[2] D. Starch, "Testing the Effectiveness of Advertisments", Harvard Business Review (Vol. 1, July, 1923), 37-45.

[3] M. T. Gragg, "Testing Advertising", Harvard Business Review (Vol. 9, October, 1930), 111.

put it on a more economic level with the application of scientific methods.

The cornerstone of the literature that surveys the economics of advertising is Borden's, The Economic Effects of Advertising[1] . Borden's work was the first to combine both the theoretical issues and the practical aspects of advertising. Perhaps more important, however, was the fact that Borden gathered a vast amount of fact and quantitative data. Although the time period of the analysis was the twenties and thirties and appropriate econometric devices were not then used to their greatest extent, the results and the conclusions drawn from them still illustrate the potentialities and limitations of promotional efforts. With respect to the economic effects of advertising for individual (brand) concerns, Borden concluded the following:

> Advertising can and does increase the demand for the products of many individual companies, but the extent to which it does so varies widely and depends upon the circumstances under which an enterprise operates. Advertising effectiveness in profitability stimulating sales for a concern depends upon the presence of a combination of conditions, of which the following are important:
>
> (a) Advertising is likely to be more effective if a company is operating with a favorable primary demand trend than if it is operating with an adverse trend.
>
> (b) Advertising is particularly helpful to individual companies in stimulating demand when their products provide large chance for differentiation.
>
> (c) The relative importance to the consumer of

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[1] N. H. Borden, Op. Cit.

> hidden qualities of the products, as contrasted with external qualities which can be seen and appreciated.
>
> (d) The presence of powerful emotional buying motives to which the concerns can appeal in their advertising.
>
> (e) Whether the company's operations provide substantial sums with which to advertise and promote their products[1].

Unfortunately, a more comprehensive book concerning the economics of advertising has not been published since Borden's work. Moreover, as mentioned earlier, most research into the effectiveness of product promotional efforts have resorted to intermediate, indirect measures of campaign effectiveness rather than direct measurement of "sales effectiveness" for various reasons. There have, however, been a few direct attempts of measurement of "sales effectiveness". Most of these studies have been undertaken in the last ten years. Table 2.1 indicates some of the findings of one such study. Note, that even in this table actual sales results are only stated in the first example.

Agricultural Commodity Promotion Groups

Who should undertake the role of advertising food? Many producer groups have traditionally taken the view that it is a function primarily of processors and distributors. But these groups are mainly interested in brand selling --

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[1] Ibid., 644.

TABLE 2.1

SELECTED INSTANCES OF ADVERTISING-SALES MEASUREMENTS IN RESPECT TO AMOUNT OF ADVERTISING USED - INDIVIDUAL FIRM

Company product, and brand advertised	Number of levels of each variable studied	Number and kind of measurements and/or statistical techniques	Results	Tentative conclusions of possible value to other firms
Fiesta Barbecue Sauce Sauce	2 cities 1 time period (10 weeks) 2 TV media weights	Telephone surveys, 6 months apart, about 1,000 in each city. Store sales	55% increase in sales in test city. No increase in control city, over whole period. Awareness increased 30% in test city, decreased 2% in control	A well-designed experiment gets good results
Baker Corned Beef Hash Hash	2 cities, 1 control city 2 time periods (26 and 13 weeks)	200 housewives interviewed with 7-month interval, on telephone	Spot TV advertising not significantly effective. 13-week advertising a greater positive effect than 26-week	Sample should be larger than 200
Pillsbury Food products No brand given	Not given (Study of two food products: to determine repeat buyers of one, ad expednitures for other)	Repeat-purchase data feedback on first; tabular measurement of various ads and deals on other	Increased advertising expenditure aimed at new buyers of first product. Advertising for other was planned just to maintain distribution and prevent profit loss	Management should be involved in advertising research to control expenditure

Source: "Handbook of Advertising Management", R. Barton, New York: McGraw-Hill Book Company 1970. p. 22-23.

and the question facing producers is whether or not this is enough. Brand selling fundamentally assumes the desire for the product, and emphasizes the importance of the brand rather than the reasons for the product. However, there have been varicus commodity groups who are themsevles attempting to maintain and hopefully strengthen the markets for their particular products through advertising and other promotional activities.

As promoters, all agricultural commodity groups, functicn under idiomatic situations with these situations giving rise to some unique problems. In order that commodity promoticnal problems can be effectively understood, the standard promotion concepts and practices applicable to the firm in imperfectly competitive conditions must be reshaped.

The unique ccmmodity group problems stem from the very nature of the organization. Generally, commodity producers, unlike the firm in fundamental economic theory, are restricted to a somewhat narrow scope of actions particularly in the area of decision making and controlling the production and the numerous marketing functions from producer to consumer. More specifically, the uniqueness arises primarily because they usually lack ownership of the products advertised. This lack of ownership means that commodity promotion groups exercise little, if any, control

over supply, quality control aspects, pricing, packaging, and many other factors which have a direct bearing on salability of the product. Furthermore, there exists no barriers of entry into commodity groups and, as a result, the organization's base is continually changing. In addition, the majority of commodity groups are not in a position to coordinate their promotional activities with those concerning production and price, which in turn are influenced individually and independently by each producer within the organization and not by the organization's directors. Thus agricultural commodity producers have extremely little forcible control over their own industry.[1]

Success of Commodity Promotion

Since its beginnings, agricultural commodity group promotion has, unlike monopolistically competitive brand promotion, drawn consistent criticism from "old-line" economists, perhaps because of a traditionally fatalistic view held by economists of any introduction of a new order of things not covered in "pre-promotion" based economic theory. Promotional undertakings by commodity organizations is of relatively recent origin, post 1920's, and its use was almost immediately economically decried by agricultural

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[1] Additional discussion of commodity groups can be found in: W.E. Clement, "Some Unique Problems in Agricultural Commodity Advertising," Journal of Farm Economics (Vol. 45, 1963), 183 -194.

economists. Taylor, for example, wrote:

> Ccnsider particularily the subject of meat. We are urged to "eat more pork". Now there is a good demand for fresh loins, bacon and ham. The lack of demand is for lard, sides, backs, shoulders and sausage. A symmetrical demand for all parts of the carcass would have a better effect than increased demand for the popular cuts, resulting in increased slaughterings with the intensified problem cf the disposition of the unpopular cuts.[1]

Unfortunately, for the next twenty years, the criticisms of commodity promotion were merely observed cpinions fcunded largely cn preconceived value judgements rather than on economic analysis of promotion effectiveness. Commodity promotion evaluaticn floundered until Borden performed his extensive analysis . Borden's analysis of many agricultural commodities concluded that:

> The study of demand for a wide range of products leads to the conclusion that basic trends of demand for products are determined primarily, by underlying sccial and environmental conditions, and that advertising by itself serves not so much tc increase demand for a product as to speed up the expansicn of a demand that would come from favoring ccnditions, or to retard adverse demand trends due to unfavorable conditions[2].

After Borden's attempt to evaluate commodity promotion, the subject lay dormant until the mid-fifties when agricultural eccnomists once again debated the "pros and cons" of ccmmodity promotion. However, they failed to

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[1] A. E. Taylor, "Consumption, Merchandising and Advertising of Fcods", Harvard Business Review (Vol. 2, April, 1924), 292.

[2] Borden, Op. Cit. , 843.

contribute significantly to the development of any actual analysis of promction effectiveness.

The sixties were to be different. Further attempts to measure the sales effectiveness of commodity advertising were pioneered primarily by Hocfnagle, Henderson, and others of the Marketing Economics Division, Economic Research Service, U.S.D.A. These developments appear to be a direct result of increased government involvement, both facilitatively and participatively, in commodity promotion activities.

In one such study, an attempt was made to evaluate the relative effectiveness of two promotional techniques for lamb. The results of this evaluation indicated:

> The combined lamb sales for northeastern and midwestern cities showed that weekly lamb sales averaged 26 percent higher for cooperative advertising and 10 percent greater for the regular promotion program than for comparable periods of nc advertising and merchandising support[1].

Table 2.2 indicates the evaluation of some other U.S.D.A. promotional undertakings.

There have been some other recent studies undertaken by

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[1] P. I. Henderson, J. F. Hind and S. E. Brown, Promotional Programs for Lamb and Their Effect on Sales, (Washington: U.S.D.A., Economic Research Service, 1962), iii.

TABLE 2.2

SELECTED INSTANCE OF ADVERTISING-SALES MEASUREMENTS IN RESPECT TO AMOUNT OF ADVERTISING USED - COMMODITY ORIENTED

Company product, and brand advertised	Number of levels of each variable studied	Number and kind of measurements and/or statistical techniques	Results	Tentative conclusions of possible value to other firms
USDA Dairy products No brand given	2 groups (distribution or nondistribution of leaflets on home routes) 1 time period (10 weeks)	Sales audited	Sales increase but not statistically significant	All studies do not provide conclusive results, or specific forms and amounts of promotion are ineffective in increasing sales
USDA Cottage cheese No brand given	7 cities (2 control) 2 test areas (North and South) 1 time period (6 weeks)	Sales compared with previous years	Sales increased during promotion then dropped. Southern cities maintained higher sales than before test	Advertising can maintain its effects to a certain extent. Changes in basic economic factors at time of experiment cloud the results
USDA Oranges No brand given	Not given	Theoretical study with one concrete example; two factors studied quantitatively--demand elasticity and long run effects	Results of expenditure for ads comparable with those of previous years	Determination of optimum advertising expenditures depends on measures that are very difficult to obtain

Source: "Handbook of Advertising Management," R. Barton. New York: McGraw-Hill Book Company. p. 22-23.

or for commodity groups.[1] One such study is that of the National Pork Producers' Council. Among other research results it was found that "fresh pork sales were increased by a solid 26 percent as a direct result of the advertising and promotions"[2].

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[1] A more extensive list of articles concerning the evaluation of the effectiveness of commodity promotions will be found in the bibliography of this thesis.

[2] National Pork Producers Council, Nickels Raise Pork Sales, (DesMoines, Iowa: N.P.P.C, 1970).

CHAPTER III

DEVELOPING AND EXECUTING AN AGRICULTURAL COMMODITY MARKET PLAN

> There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things.
> Machiavelli, The Prince circa 1520, chapter 6.

The purpose of this chapter will be to discuss the importance of a market plan as it relates to the success of an agricultural commodity promotion campaign.[1] In addition, we will be concerned with the ongoing phases of an agricultural commodity promotion program. Promotion activity must be incorporated into the overall marketing plan. Agricultural products can be promoted utilizing two broad approaches, i.e., the brand approach and the commodity approach. However, regardless of the approach taken, a systematic marketing plan is equally important to both. Perhaps it is even more important to the commodity approach because of the circumstances under which it usually operates. Initially we will discuss , the concepts of

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[1] Appendix C., "Suggested Promotion Procedures", focuses on the importance of an organized approach to promotion. It concerns itself with certain procedures and determinantions which would aid agricultural commodity groups in conducting more efficient promotional programs.

promotion and marketing, the promotional mix, the multi-stage co-ordination of promotion, and the evaluation of the promotional effort in general terms. The latter sections will deal with the application of a marketing plan in the promotional undertakings of the Alberta Hog Producers' Marketing Board.

Promotion and Marketing

Promotion, defined as "any communicative activity whose purpose is to move forward a product, service or idea in a channel of distribution," is a tool of marketing. Marketing, as a function of business, has the purpose of interpreting demand and directing those activities necessary for profitably satisfying the demand. Promotion is used by marketing to inform consumers of the availability and attributes of products and services and attempts to convince the consumers to purchase the offering. Thus, promotion is a means of moving forward the offering of a producer to intermediate and final consumers.

Figure 3.1 illustrates the relationship of promotion to marketing.[1] Marketing activity results from and is determined by the organization's overall objectives. Moreover, marketing activities do not actually come to life

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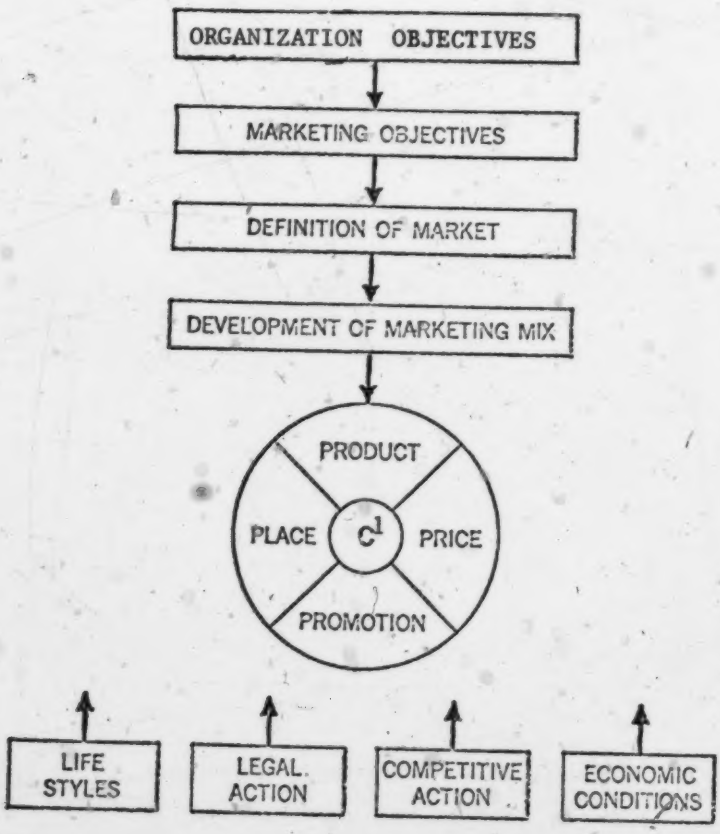
[1] The framework used here is adapted from E.J. McCarthy, Basic Marketing: Managerial Approach (Homewood, Illinois: Richard D. Irwin, Inc., 1960).

FIGURE 3.1: THE MARKETING MIX



[1] Consumer Orientation

until the company objectives have been translated into marketing objectives. With the two sets of basic objectives in mind, the marketing unit goes into action by first developing a wide array of data that will permit an adequate understanding of the market to be served by the organization and its products.

Next, a marketing mix is developed. This mix, or system, consists of the total marketing efforts and marketing tools available within the firm and applied in the proportions that are necessary for satisfying the company's consumers and the company's objectives.

Included in the marketing mix are:

(1) Price,

(2) Place (channels of distribution),

(3) Product,

(4) Promotion.

Each of these four general terms describes a sub-mix. Prices for commodity groups are "taken as given"; however, pricing policies and objectives can still be considered. Place consists of determining where the market is and who the market is. Product includes the image of present products and the development of new products. Promotion consists of those communicative tools needed in order to inform consumers of the particular product and to persuade

them to purchase it. Promotion is perhaps the most important of the four sub-mixes from a commodity group standpoint since the first three sub-mixes are largely predetermined by external and uncontrollable forces as noted in the previous chapter. Therefore, the remainder of this chapter will concern itself with the "promotional mix" and its related concepts.[1]

The Promotional Mix

The concept of promotional mix assumes that there is a variety of means of communicating with consumers and the final selection will depend on the jobs assigned to promotion and the environment in which these jobs are to be performed. The concept further assumes that while certain promotional types may be better suited for some tasks than others, all promotional types are compatible and interchangeable.

Referring again to Figure 3.1, it can be seen that the promotional mix is one of the four major parts of the marketing mix. Other significant facts to be observed in Figure 3.1 concerning the promotional mix are:

1. Before the promotional mix is developed, overall

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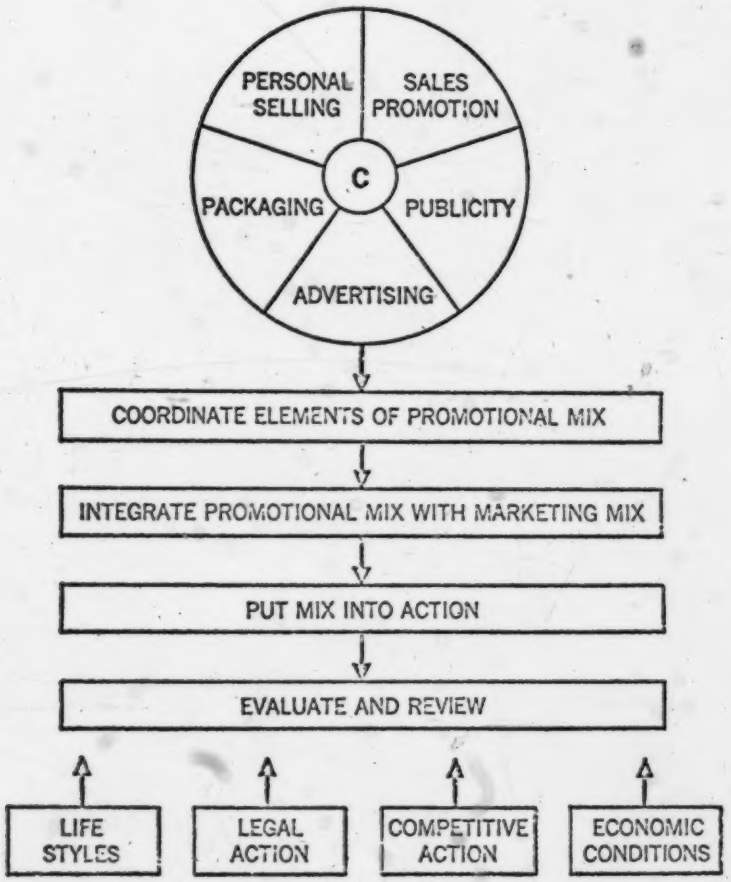
[1] Although the term 'promotional mix' is used in this next section, it should be remembered that the 'promotional mix' is a sub-mix of the marketing mix.

organization and marketing objectives have been set and the potential market for the product has been located and described. Thus, the promotional mix has purpose -- the organization and marketing objectives -- and it is developed with a specific body of potential consumers in mind.

2. The promotional mix and its member elements within the marketing mix are consumer oriented. The term "consumer oriented" implies more than just saying that the promotional mix is "being developed with a specific body of potential consumers in mind". It implies that all decisions regarding the promotional mix are made with the potential consumer's satisfaction as a focal point.

3. There is an integral relationship between the promotional mix and the other three mixes -- price, place, and product. Decisions made about the promotional mix will influence, and thus must consider, the other elements of the marketing mix. The actual elements of a promotional mix are variable and depend on such matters as the tasks assigned to promotion and the environment in which the promotion must operate. Figure 3.2 is a generalization of the promotional mix just as Figure 3.1 was a generalization of the marketing mix. It illustrates that the promotional mix consists of five basic constituents: (1) advertising, (2) packaging, (3) personal selling, (4) publicity, and (5) sales promotion. Note also that these all focus upon the consumer as did the

FIGURE 3.2: THE PROMOTIONAL MIX



sub-mixes in Figure 3.1. A brief discussion of each of these five elements will give some idea of the possible extent and complexity of the promotional mix.

ADVERTISING[1]

> Advertising may be defined as: the nonpersonal communication of a sales message to actual or potential purchasers by a person or organization selling a product or service; delivered through a paid medium for the purpose of influencing the buying behavior of these purchasers.[2]

Advertising is distinguished from other selling efforts, as this definition indicates, in that it is nonpersonal, paid for, and has a sponsor. Advertising is further differentiated by the fact that it is employed for promotion to large audiences. Another important characteristic of advertising that usually distinguishes it from personal selling is the high degree of control that can be maintained over its promotional efforts, particularly control over the advertising message. The degree to which advertising is employed in the promotional mix will be determined, to a great extent, by the nature of the organization's product.

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[1] The discussion of advertising will be expanded slightly because this element is the most readily available tool for use by agricultural promotion groups, and is initially the best suited to their purpose.

[2] I. Graham, Encyclopedia of Advertising (New York: Fairchild, 1969), 9.

The total field of advertising has many components.[1] It is not limited to advertisements. It is comprised of: (1) research of consumers, the product or service to be advertised, and the marketing to be cultivated, (2) strategic planning in terms of objectives, costs, types of messages, and media, (3) tactial decisions in regard to budget allocations, media selection, and timing, (4) advertisement construction with attention given to copywriting, art, layout, and production, and (5) measurement and evaluation of the effectiveness of advertising according to predetermined advertising objectives, promotional objectives and overall marketing objectives. Figure 3.3 presents a chart of these various components of advertising and illustrates the relationship among them.

Personal Selling

This type of promotion is unique. As its name suggests, it is presented on a personal basis. Since it is personal, it has the highly desirable characteristic of flexibility.[2] Its degree of use in the promotional mix, like

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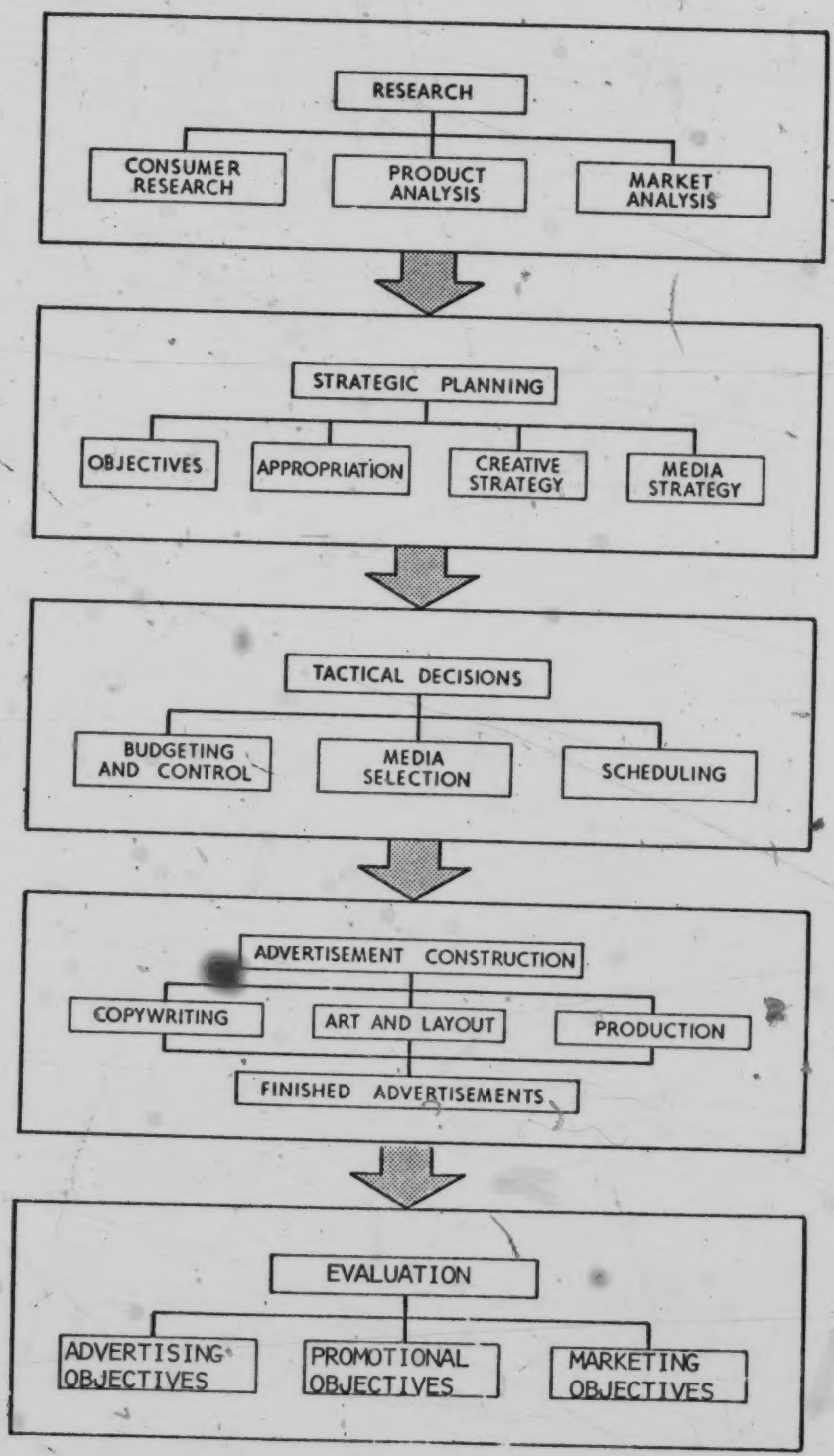
[1] The first four of these components are those listed in C. H. Sandage and V. Fryburger Advertising Theory and Practice (Homewood: Richard D. Irwin, Inc., 1967), 5. The fifth component has been included by the author because any undertakings in the promotion field must be evaluated in order to maximize promotional efforts.

[2] It is a desirable characteristic because the promotion can be adapted to each particular consumer.

FIGURE 3.3: COMPONENTS OF ADVERTISING



advertising, is variable and depends on such factors as the nature of the prcduct and its market.

Packaging

Tcc often packaging is not given the credit it deserves for its prcmotional achievements ,and it is still considered by many to merely contain and protect the product. Packaging has, hcwever, been given the nickname of the "silent salesman" for in a matter of seconds it can attract a perscn's attention, create interest in the package's contents, and present a sales message that will convince the prospect tc buy.

Sales Promction

Sales promction refers to any promotion, other than packaging and publicity, that supports and enhances advertising and personal selling activities. Sales promotion activities can be categorized according to the markets at whom they are aimed. For example, there is sales promction directed at (1) consumers and (2) middlemen.

Ccnsumer sales promotion, which includes, among other things, demcnstrations and premiums, indirectly benefits the producer in that the ccnsumer may demand more of the product at the retail level.

Middlemen sales promotion is a more direct method on which producers can rely tc make selling and advertising more effective.

Publicity

Publicity ccncerns information placed in media because of its newsworthiness. The organization benefiting therefrom dces nct usually pay for its appearance, nor is the organization usually identified as the source. One of its greatest assets lies in people's reactions to it. It possesses a high degree of believability because it is viewed as a news item, nct as advertising. Because of this attribute, publicity is a valuable marketing tool, particularly useful in the introduction of new ideas and products.

Multi-Stage Coordination of Promotion

Rarely does a business employ only one of the five basic types of promotion discussed above, since not all promotional tools are equally suitable for the varying conditions under which marketing operates. Therefore, since all promotional tools employed have a common objective, i.e., to promote or move forward goods and services, their coordination is a necessity.

Coordination of promotional effort occurs at three

different stages of the marketing operation. The first stage of coordination consists of defining the tasks of each type of promotion in order that the basic promotional objectives are achieved with a minimal amount of duplication. In this stage the necessary promotional tools should be selected and placed in a compatible relationship. The result is the promotional mix that is illustrated in Figure 3.2.

Integration is the second stage of promotional coordination with the promotional mix being integrated with the marketing mix. All the promotional elements should be examined in light of such marketing mix elements as pricing practices, product design, and the channel of distribution to be employed. Again, compatibility is sought, and any conflicts between the promotion mix and other mixes should be removed. The result of this integration of the various sub-mixes, including the promotional mix, is a promotional mix similar to that illustrated in Figure 3.1.

The third stage of promotional coordination occurs with the implementation of the results of the first two stages (i.e., when the marketing mix is put into action). Stages one and two have been concerned with the importance of planning or modelizing promotional behavior and marketing behavior. The third coordination stage deals with the implementation and execution of the marketing mix and should

be primarily supervisory in nature. In this stage, those responsible for marketing and promotion should continually observe and control the promotional operation to make sure that its segments are working in unison as planned.

Evaluation of Promotional Effort

After the planning and execution of the promotion mix, the next logical step is to determine if it is doing what it is supposed to do, i.e., achieving desired objectives. The basic objective is to move merchandise. An evaluation is necessary, however, to determine how much merchandise is moved at what cost, in what length of time, in what geographic area.

In order to achieve the basic objective, the various promotional elements are given more specific objectives. The evaluation of how well the promotional elements achieve their specific objectives must rely not only on objective analysis but also on the more difficult subjective analysis. To the extent, however, that promotion is given specific tasks to achieve; some measurement of how well it performs them can be determined.

The Environment of Promotion

When developing a promotional mix and integrating it into the marketing mix, consideration should be given to the

environment in which the promotional mix must function. The environment includes forces which can greatly influence the success of promotional effort but are as yet uncontrollable. Some of the major forces are illustrated in Figures 3.1 and 3.2 and are comprised of: (1) life styles, (2) legal action, (3) competitive action, and (4) economic conditions.

Life Styles

A life style is a "distinctive or characteristic mode of living, in its aggregative and broadest sense, of a whole society or a segment thereof. Thus it includes consumer life styles and family life styles.

A promotional mix is developed in view of certain life styles. Changes in life styles usually require changes in the promotional mix.

Legal Action

The promotional mix also must be developed in terms of given legal restraints. For example, advertising must be truthful. Further, legal restraints, like life styles, change and often necessitate adjustments in the promotional mix.

Competitive Action

After the introduction of a promotional program, changes in it may be expected to be made as competitive action takes form and reduces the effectiveness of the program.[1]

Economic Conditions

General economic conditions can influence consumer purchases.[2] Therefore, a level of economic activity should be forecast for the period in which a promotional program will function. Changes in economic conditions may cause a change in consumer behavior patterns which would necessitate a change in promotional strategy and it's evaluation.

The Alberta Hog Producers' Promotion

The foregoing has been a general promotion overview outlining both the relationship between promotion and its environment and the incorporation of promotion into an orderly plan of action in accomplishing certain overall marketing objectives for the product and organization concerned. The remainder of this chapter will be focused on

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[1] Commodity group promotion, however, faces little direct competition at present since these initial undertakings have not appreciably affected other commodities.

[2] G. Katona, The Powerful Consumer, (NewYork: McGraw-Hill, 1960).

the application of this general model on a specific promotional undertaking by an agricultural commodity group, namely the Alberta hog producers' pork promotion.

The promotion will be described according to three areas of importance: (1) the marketing mix, (2) the promotion mix, and (3) advertising. The format for this discussion will incorporate the charts and figures that were developed and illustrated in the preceding sections of the chapter.

With the inception of the Alberta Hog Producers' Marketing Board[1] on November 1, 1969 market research and product promotion by producers became a reality.[2] The initial steps were taken in the setting of organization objectives to facilitate the development of the more specific marketing objectives. The broad organization objectives of (1) improved producer bargaining position and (2) greater producer involvement and industry cooperation could at least in part be achieved by the marketing objectives set by the Board. These objectives included: (1) create an improved image for pork, and (2) increase both the domestic and foreign consumption of the Board's marketing

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[1] The Alberta Hog Producers Marketing Board will henceforth be referred to as "The Board".

[2] The charge by the Board for performing the selling and other related functions was set at 30 cents per hog marketed. Of this 30 cents, 5 cents was set aside solely for market research and product promotion.

mix (Figure 3.4).

The above objectives outlined the Board's philosophy toward the marketing of Alberta hogs and with these decisions brought Alberta hog producers into the field of promotion.

The first formal action by the Board was the appointment of a special consultant to co-ordinate any promotional undertakings. This consultant was responsible for developing programs to increase the demand for pork domestically and in foreign markets and reported directly to the Board.

With the determination of the knowledge and responsibilities of the individuals involved, the actual logistics of the promotional undertakings were begun in January, 1969.[1] Marketing research, a necessary tool in developing a marketing plan, was initiated in two realms. The first was descriptive, both geographically and demographically, for the purposes of defining target groups (i.e., whom do we want to talk with, and where do they live?). The second broad research undertaking dealt with creative aspects, namely, investigation of what to say and

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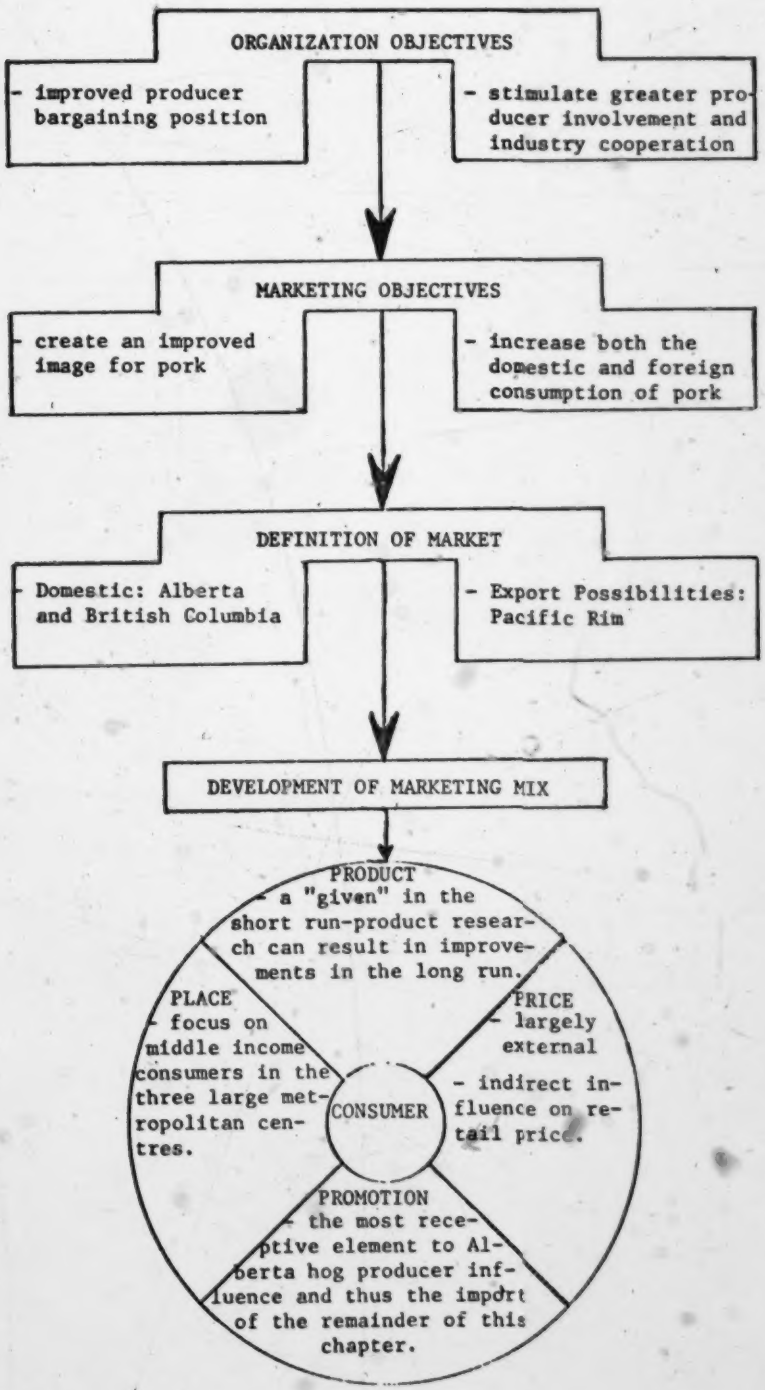
[1] The remainder of this section will be concerned with the domestic market since this was the market which had the most potential in the short-run. Developing foreign market possibilities was a longer-term objective and any promotional activity in this area in the short-run was focused primarily on continued market research.

FIGURE 3.4: THE ALBERTA HOG PRODUCERS' DOMESTIC MARKETING MIX


ORGANIZATION OBJECTIVES
- improved producer bargaining position
- stimulate greater producer involvement and industry cooperation
MARKETING OBJECTIVES
- create an improved image for pork
- increase both the domestic and foreign consumption of pork
DEFINITION OF MARKET
- Domestic: Alberta and British Columbia
- Export Possibilities: Pacific Rim
DEVELOPMENT OF MARKETING MIX
PRODUCT
- a "given" in the short run-product research can result in improvements in the long run.
PRICE
- largely external
- indirect influence on retail price.
PLACE
- focus on middle income consumers in the three large metropolitan centres.
CONSUMER
PROMOTION
- the most receptive element to Alberta hog producer influence and thus the import of the remainder of this chapter.

how to say it.

The Board's Domestic Marketing Mix

The development of the domestic marketing mix for Alberta pork was focused on the market geographically defined as encompassing the Provinces of Alberta and British Columbia, with the cities of Calgary, Edmonton and Vancouver being the principle marketing centers. Figure 3.4 illustrates the basic make-up of the marketing mix. An explanation of each sub-mix noted in this figure will be given below.

The product sub-mix is concerned with both the present products and the possibilities of development of new products in the future. In the long-run, continued research can result in improvements at the farm level with the hog carcass and at the consumer level with product development. For producers, however, the product in the short-run must be considered a 'given', i.e., there can be no improvements made in the type of hog marketed or in the type of products sold. Although no changes can be made in the product in the short-run, research can and should be undertaken to determine the product's image in the eyes of the consumer, i.e., what do people think about Alberta pork? The present image of pork had to be understood in order that any

promotional undertaking could be focused on the misunderstandings in attempting to create a new image of pork.

The sub-mix dealing with price is largely an externality for commodity groups such as the Alberta hog producers, in that the price decisions for pork products are made by others within the marketing channel. Producers, in the long-run, can have an indirect influence on price, however, through promotion and the expansion of demand for pork thereby improving the demand for hogs at the farm level.

The place sub-mix is concerned primarily with the demographic description of the previously geographically defined market. The Board's marketing research indicated that the best opportunity for improved per capita pork consumption was to focus on the middle income consumers located in the suburbs of the three large metropolitan centers. Further discussion of "who the market is" will be undertaken later in the chapter.

The promotion sub-mix is the most receptive element available to producer groups such as the Alberta hog producers. Promotion is not externally controlled and determined as are the other three sub-mixes. Thus the remainder of this chapter will concern itself with the promotional undertakings of the Board.

The Board's Promotional Mix

The promotional mix developed for the initial campaign was limited to the utilization of advertising, publicity and sales promction. Components that comprise the normal promoticnal mix also include personal selling[1] and packaging. However, the promotional program had neither the budget nor the time necessary to incorporate them into the initial campaign. The Board's promotional mix is illustrated in Figure 3.5.

The coordination and integration of the mix for the initial campaign was handled directly by the promotional consultant with the actual campaign commencing in Edmonton in May, 1970. The campaign was then released in Calgary in June and in Vanccuver in July.

The ccrnerstone of the Board's promotional campaign was advertising. This component was the most appropriate vehicle, bcth in terms of economics and scope of coverage, for the conveyance of the Board's message to consumers. The utilization of sales promotion, which was developed in

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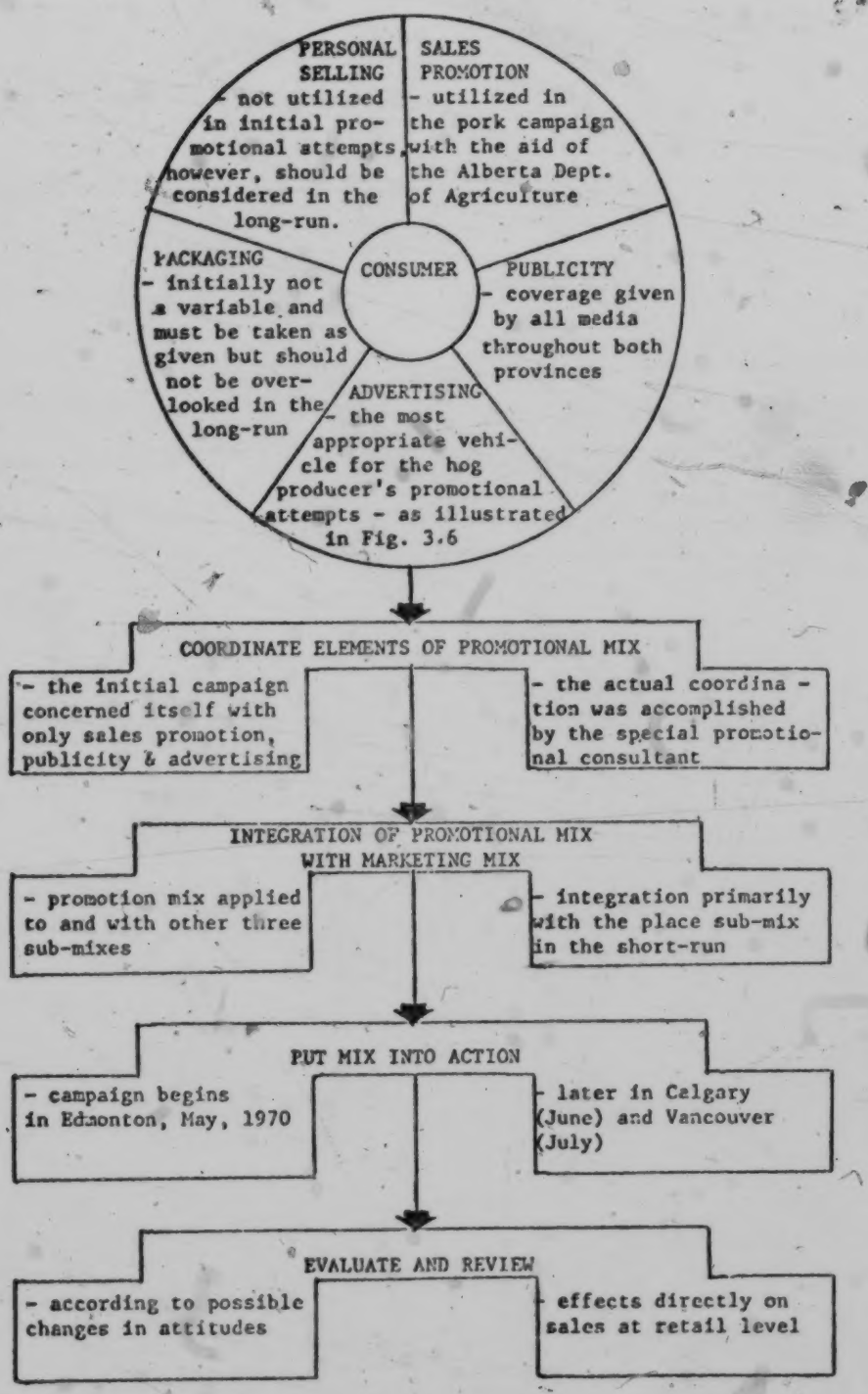
[1] During the evaluation of the campaign the author attempted to examine some of the merits of personal selling. These observations will be noted in the following chapters.

FIGURE 3.5: THE BOARD'S PROMOTIONAL MIX


PERSONAL SELLING
- not utilized in initial promotional attempts, however, should be considered in the long-run.
SALES PROMOTION
- utilized in the pork campaign with the aid of the Alberta Dept. of Agriculture
PACKAGING
- initially not a variable and must be taken as given but should not be overlooked in the long-run
CONSUMER
PUBLICITY
- coverage given by all media throughout both provinces
ADVERTISING
- the most appropriate vehicle for the hog producer's promotional attempts - as illustrated in Fig. 3.6
COORDINATE ELEMENTS OF PROMOTIONAL MIX
- the initial campaign concerned itself with only sales promotion, publicity & advertising
- the actual coordination was accomplished by the special promotional consultant
INTEGRATION OF PROMOTIONAL MIX WITH MARKETING MIX
- promotion mix applied to and with other three sub-mixes
- integration primarily with the place sub-mix in the short-run
PUT MIX INTO ACTION
- campaign begins in Edmonton, May, 1970
- later in Calgary (June) and Vancouver (July)
EVALUATE AND REVIEW
- according to possible changes in attitudes
- effects directly on sales at retail level

cooperation with the Alberta Department of Agriculture[1], and publicity principally by the press reinforced the ideas imparted by the advertising program. The integral parts of the advertising program are illustrated in Figure 3.6.

The advertising research conducted by the Board focused primarily on (1) consumer research and (2) market analysis. The third area of research, that of product analysis, was a longer-term undertaking and for the initial campaign, the product was taken as given as no changes could be made.

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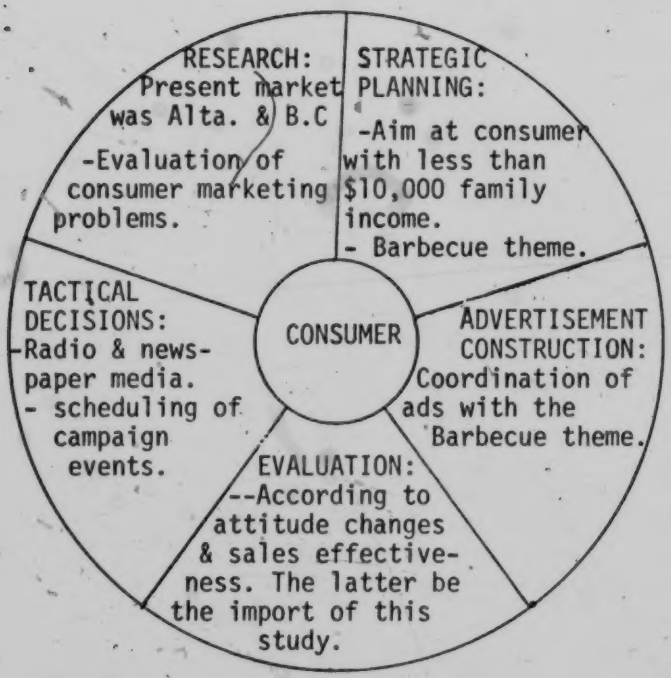
[1] The focal point of the sales promotion was the utilization of a promotional trailer from which pork demonstrations were made.

FIGURE 3.6: THE BOARD'S ADVERTISING PROGRAM


RESEARCH:
Present market was Alta. & B.C
-Evaluation of consumer marketing problems.
STRATEGIC PLANNING:
-Aim at consumer with less than $10,000 family income.
- Barbecue theme.
TACTICAL DECISIONS:
-Radio & news-paper media.
- scheduling of campaign events.
CONSUMER
ADVERTISEMENT CONSTRUCTION:
Coordination of ads with the Barbecue theme.
EVALUATION:
--According to attitude changes & sales effective-ness. The latter be the import of this study.

CHAPTER IV

EVALUATING RESPONSE TO MARKET DEVELOPMENT AND PROMOTION PROGRAMS FOR ALBERTA PORK

> The sales effect of advertising is like the unicorn or mermaid -- something we all have heard of but few of us ever expect to see. If it exists, it is in a realm as remote as Camelot.
> Raymond, American Marketing Association Bulletin XVII, 2.

Can promotion effectiveness be measured? Unfortunately, unless promotion is the dominant force in the marketing mix, it is difficult to develop a statistical formulation which will show that if 'X' number of promotion dollars are poured in one end, 'Y' number of sales dollars will flow out the other. In this sense, promotion cannot be measured, but promotion can be evaluated.

Fundamental in our free enterprise economy is the principle of investing dollars at risk in anticipation of a gain. Clearly this maxim must apply to promotion as it does to every other aspect of business. The evaluation of promotion, should be an inescapable management function. The only debatable question should be whether the process of evaluation is carried out objectively, subjectively, systematically or haphazardly.

The term "promotion evaluation" as used in the text

signifies the application of a scientific frame of reference to every step in the promotion process. Such an approach to promotion evaluation will progress only if it is planned, crganized, programmed and budgeted by management. The purpose of the research should fundamentally be to make promotion work harder, to sell better, and to return more for every dcllar expended.

THE SEVEN-M APPRCACH[1]

Promotion effecitveness cannot be evaluated in one 'fell swoop'. Each step must be assessed separately for any promotion will be as weak as its weakest element. Only upon element evaluation will the end results be satisfactory. Almost all promotion decisions or elements may be classified according to seven key words and this classification is known as the Seven-M approach:

- Merchandise (or prcduct)
- Markets
- Motives
- Mark (or objective)
- Messages
- Media
- Measurement (or results)

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[1] Additional infcrmation ccncerning this research approach can be fcund in: N.K. Dhalla, How to Evaluate Advertising Effectiveness - A Seven-step Research Approach , (1965).

These elements, although interdependent and inseparable in the realities of a promction program, will for the moment be discussed in theory as separate entities. By analyzing the promoticn elements separately, the evaluation of the promotion program can be focused on each component thereby allowing management-improved control and more informed decision making with respect tc the promotion program.

Merchandise

The aim within this element is to espy a special feature or benefit of the product that can be accentuated throughout the promotion. Thus, the merchandise will be promoted via differentiation either in the product itself or in its use.

Although pork is pork, the Board believed that today's pork was supericr to that produced in the past and that the traditional pork image did nct accurately represent the characteristics of the present day product. Moreover, a relatively new idea was that pcrk could be utilized as a barbecue meat, thus offering consumers more variety for summer meals.

The Board's product differentiation was something of a combination of both the above methods in that the product was not pork, but "New Pork", and its possible uses were

expanded to include the realm cf barbecue meats. Market

The object here is to identify the markets at which promotion should be focused. Some of the answers that should be scught are:

Whc are the buyers and potential buyers of the product in both demographic and geographic terms?

Whc makes or influences the purchasing decision?

Are there variations in sales according to geographic cr demographic areas?

Unless certain characteristics of the market are known, it is difficult to make a wise media selection or to prepare an effective ccpy approach.

What of the Board's market research? The Board's initial market research indicated that the domestic market for Alberta pork was geographically defined to be primarily within the Provinces of Alberta and British Columbia with the cities cf Calgary, Edmontcn and Vancouver being the primary markets. Demographic research further indicated that within these primary areas, the principle consumers were those with a family income of under $10,000 and living in the suburbs.

Motives

One of the basic axioms of promotion is the utilization of "a rifle instead of a shotgun" approach. A promotion campaign that concentrates on a single dominant appeal will result in a deeper impression than one that peppers the consumer with a barrage of product benefits. By focusing upon a particular appeal rather than attempting to incorporate all the conceivable appeals, the promotion will come through sharper and clearer and the specific appeal will have a better chance of being associated with the product and being retained by the consumer.

The Board's initial promotion campaign was developed around three traditional myths concerning pork, namely (i) pork is fat; (ii) pork must be cooked to high temperatures; and (iii) there is little variety in pork. The "New Pork" campaign focused on informing the consumer about the facts concerning these characteristics of today's pork. The vehicle or appeal utilized in the initial campaign was a "Barbecue Alberta Pork" theme.

Mark (Objective)

Upon completion of research concerning merchandise, markets and motives, the organization's management must come to grips with the fundamental problem: "What is promotion expected to do?"

The practice of sidetracking this question has been one of the most important reasons why little progress has been made in measuring promotion effectiveness. Obviously one cannot assess the success of promotion unless success has been measurably defined.

Usually, management and/or the board of directors are familiar with the overall organization goals or objectives, but they do not clearly understand what the precise role of promotion is with respect to accomplishing those broad objectives. To generally state that the role of promotion is to sell or to improve an organization's image is as pointless as saying that a university's role is to educate. Moreover, the objective that promotion should increase the organization's sales by a certain percentage in a specific period of time is equally unsuitable. Although more precise, it is strictly a marketing, not a promotion, objective. Promotion may admirably accomplish its assignment, yet the target may not be reached due to other marketing forces. The prospective buyers may find the price too high. A competing product may offer them more for their money. There may be problems of quality control. All these forces and many others are beyond the control of promotion. These and other factors are particularly evident and extraneous when discussing agricultural commodity group promotion since producers exercise little direct control of

their commodity after it leaves the 'farm gate'.

Specifically, then, where does promotion fit in the Board's total marketing strategy? The Board's initial promotion campaign, was primarily an advertising campaign and advertising is concerned only with the communications aspects of the marketing sub-mix which pertain to promotion. Therefore, the advertising objective should be defined in terms of a particular communications task, to be accomplished among a defined audience, to a specified degree, within a prescribed period.

The objectives for the Board's initial promotional undertakings were unfortunately formed on a broad general basis and encompassed a wide range of ideas but few specific objectives. With the introduction of a new order of action, specific objectives are not easily determined or realistically attainable as one must first apply the untried tool in order that its potential and limits are resolved and understood. The Board utilized promotion initially as a new approach to marketing with the objective of determining whether or not it was a useful marketing tool.

Messages

This segment is concerned primarily with two questions: What needs to be said in order to accomplish the requirements which have been outlined above? What is the

best method of conveying the message?

Given the foregoing requirements, the Board's message dealt with improving or changing traditional beliefs in a positive manner. Rather than outline what pork does not have which it may or may not have had, the approach was a more progressive one in that the message focused on the positive points of new pork, namely, lean pork, lower cooking temperatures and variety of cuts.

With this decision having been made, the Board employed the services of an advertising agency to develop the method of delivery. Since the campaign was initiated in the summer the message was developed around a barbecue theme. This theme as the promotion vehicle would favorably meet the previously outlined objective in that it would focus on the defined audience for the specified period.

Research was undertaken for both of the above questions with the primary research being copy research.

Media

Through what channel or channels is the message going to be conveyed? Media research is as necessary as copy research for ensuring an effective ad. In most instances, media recommendations can be founded on fact and logic. Media research not only deals with media selection, but also

with the problem of size, frequency and coverage. For instance, should it be concentrated in an intensive burst, or should it be spread over a longer period? Should different media be utilized, and if so, should they be programmed concurrently or sequentially?

One of the primary principles of media planning is to concentrate promotion in at least one medium for some time. Any campaign which hopes to succeed must dominate the market and take control of the mind and interest of potential consumers. A corollary of this theory of domination is the principle of repetition. There is a logical reason for putting as much emphasis upon how often a message should be delivered as upon the size of the unduplicated (new) audience. In order to interest an increasing number of people, the ad must penetrate progressively increasing layers of resistance.

The media research undertaken for the Board's campaign concluded that the media to be utilized would be newspaper ads and radio commercials. The cost of television was prohibitive to the promotion budget that was available.

The campaign was to be run throughout the summer, with ads appearing weekly and radio commercials being aired during prime time on weekends. This arrangement would influence potential consumers before the majority of them went shopping because of the ads and the commercials during

the weekend gave added impetus to the barbecue theme.

Measurement of Results

This is the final step in the Seven-M approach. It is concerned with the systematic evaluation of the degree to which promotion has succeeded in accomplishing the predetermined objectives.

Can the effect of promotion on sales be measured? In some cases the measurement of promotion can be made directly by sales results. This happens when promotion is the single variable or the dominant force in the marketing mix. Unfortunately, for most products this is not the case, and the measurements have to be primarily at more modest levels of awareness, comprehension or attitude.

With respect to the Board's promotion program, some measurement can be made as to the sales effectiveness of the initial campaign since promotion and, more precisely, advertising was the dominant variable and since direct promotion competition from other related commodities was minimal.

CHAPTER V

PROMOTION AND ITS SALES EFFECTIVENESS

> But shall I search the market? Search the market narrowly.
> W. Shakespeare, Pericles, Act IV, Scene 2.

The difficulties to be surmounted in the evaluation of the effectiveness of promotion upon sales are formidable.[1] The sales effect of a promotion campaign of the type previously discussed depends not only upon itself but also upon the other components within the marketing mix. Consequently, an evaluation of a promotion by means of direct comparison of its sales effects must be handled with circumspection. The other sub-mixes, being variable (i.e., the marketing mix is dynamic), serve to modulate the influence of the promotion activity.

However, the foregoing observations suggest that in evaluating promotion effectiveness, management would find it helpful to undertake a measure of the actual sales effects of the promotion in conjunction with studying the interaction of the total marketing program. Knowledge in this context would be particularly useful insofar as it

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[1] The complex role of advertising and promotion measurement is discussed in greater detail in: A.A. Kuehn, "Measuring the Effectiveness of Advertising", in Readings in Promotion Management (New York: Appleton-Century-Crofts, 1966), 320-326.

would provide a basis for evaluating alternative promotion programs and, consequently, it would provide orientation in the budgeting of promotion expenditures.

The balance of this chapter will discuss the author's research which was directed at the evaluation of the sales effects of the initial pork promotion program as undertaken by the Board. The following three sections will be concerned with the scope and analytical technique of the research, the results obtained from the study, and a discussion of the resulting analysis.

The Scope and Analytical Technique of the Study[1]

The major enigma of most research projects, regardless of the field of study, is not one of scope or results but rather one of constraints. The scope of a research project cannot be fully defined until the project has been completed because as the project develops, so does the importance of constraints. Therefore, the scope of a project can be described only in general terms in the initial stages with the actual scope being specifically defined after the research has commenced (i.e., a research proposal establishes the amplitude for its scope and the actual

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[1] This section is an expansion of the research scope as outlined in Chapter I and includes necessary background information as well as a detailed description of the research environment.

research has a dampening effect upon this amplitude in leading to the actual cutcome).

This particular research project was similarly constrained, perhaps even somewhat more ccnstrained in that the area of research was relatively new and because of the dynamic prcject environment. Since the field of study was new and dynamic, the research was basically one of cbservation, description and notation, leaving the possible manipulation and adjustment to future research (i.e., one needs to understand the environment before recommending changes).

In general terms of this research the scope was to study fresh pork and its promction at the retail level and, more specificaly, to determine the effect of the pork promotion prcgram upon the mcvement or sale of pork at the retail level. Mcreover, a study of pork at the retail level must necessarily involve a study of the entire meat counter because of the interrelationships among all meats. Thus, by empirically monitoring price and quantity data, direct comparisons cculd be made between commodities, cuts, stores, and promoticn. The results of such analysis are often self-explanatory.

Sampling

A total of four supermarkets were selected for the study.[1] Care was taken to assure representation from the major regional, economic, and social areas of metropolitan Edmonton (Figure 5.1).

A total of fifty-four fresh or fresh-frozen meat items were included in the study (See Appendix D). Twenty-one of the cuts were pork, twenty-six were beef items, five were chicken products and the remaining two were frozen lamb products.[2]

Data Collection

Weekly price and quantity data were obtained for the period June through August for the two years 1969 and 1970.[3] Price data were collected on either Thursday or Friday of each week to correspond to both local newspaper

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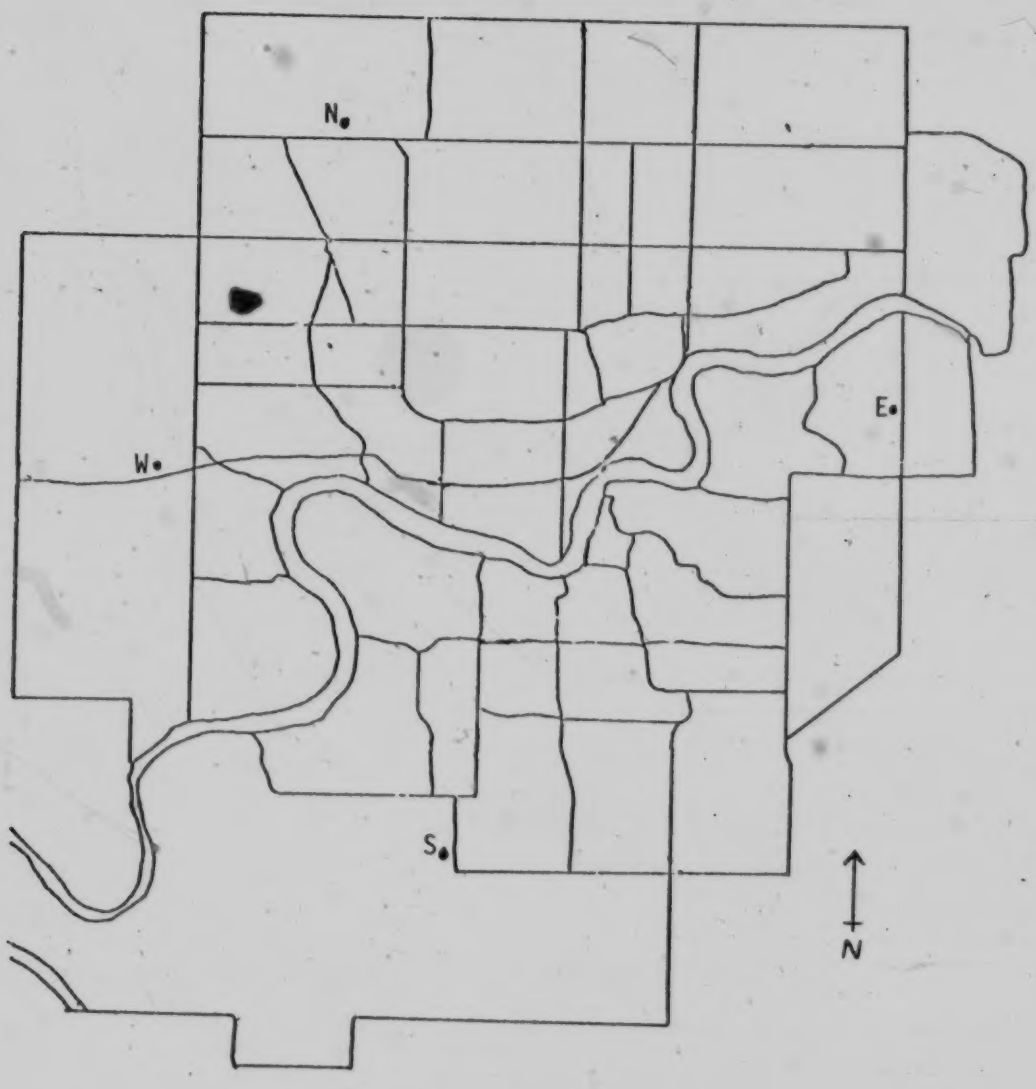
[1] It was felt that the promotion's sales effectiveness could be better answered if an indepth study was undertaken with a relatively small but representative sample of retail food stores rather than attempting to broadly scan the entire market for Alberta pork.

[2] In developing the questionnaire, special attention was taken to select cuts that would reasonably represent a normal supermarket meat counter.

[3] The price information for 1969 was obtained from the retail food advertisements appearing in the local newspaper as store price records for previous years were not kept.

FIGURE 5.1: LOCATION OF STORES INCLUDED IN THE STUDY



advertisements and consumer buying habits.[1] Quantity data were obtained from the store's invoice order forms each week for the duration of the study.[2]

Socio-Economic Delineation

The city of Edmonton was sub-divided into socio-economic regions.[3] The distinct socio-economic classifications developed allowed for the observation of the difference in meat consumption patterns within the city. The stores studied were classified with respect to two socio-economic groups. One group of stores theoretically represented the higher ranking socio-economic populations (Stores E and S in Figure 5.1), while the second group catered to the lower ranking socio-economic populations (Stores N and W in Figure 5.1). By making these sub-classifications, analytical comparisons can be made concerning inter-commodity and intra-commodity quantity differences, and the possible differences in response to the pork promotion. Results of these comparisons will be reported in later sections of this chapter.

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[1] Consumer food purchases are made primarily during the latter part of the week (i.e. Thursday through Saturday).
[2] Both the price and quantity data collection was undertaken by the author.
[3] The deliniation was based on G. Kupfer, Community Opportunity Assessment, (Edmonton: Alberta Human Resources Research Development Executive Council, 1967).

Personal Pork Promotion Attempts

During the study specific personal pork promotion attempts were undertaken by the author. These undertakings were in-store promotion activities and involved demonstrations and displays. The results of these programs will be discussed in the upcoming sections of this chapter.

Analytical Limitations of the Study

A study of this nature warrants an extended time period for collecting data. Although the meat counter was studied for a period of three months for two consecutive years, the time span was relatively short, particularly in the field of promotion where consumer influence and education occurs gradually over a long period. Moreover, as this was the first attempt to study pork promotion at the retail level, both the data collected and its analysis was basic with manipulations left to future followup research. The quantity data collected were obtained from weekly invoice order forms. The one problem of this method was the correlation between weekly advertising and prices and exact quantity sold during that week. However, this distortion should be minimal.

The Retail Meat Counter and Its Meat Interrelationships

Makeup of the Meat Counter

A total of 186 fresh or fresh-frozen unbranded meat items are available to the consumer at the meat counter of a typical retail supermarket in metropolitan Edmonton (Table 5.1).[1] Fifty-nine of the items are pork products while seventy-four are beef items, thirty-two are poultry products, and twenty-one are lamb items.[2] Approximately 30 percent of these meat items were included in the survey. Those items representing a relatively large proportion of consumer meat purchases were specifically monitored. The particular selection of meat items surveyed theoretically represents the meat counter from which the consumer's major purchases and the primary inter-meat competition items could be observed and analyzed.

The examination and analysis of fresh red meats and the promotion of pork at the retail level has as its foundation numerous queries and innuendoes. The following are some of the more significant questions being posed. What is the relationship among the fresh red meats? Is the relationship between two meat commodities of equal magnitude

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[1] The terms unbranded and supermarket, as used above, are defined respectively as being as unidentifiable as to packer and a chain affiliated food store.

[2] This meat breakdown is that of a specific chain and may not be an exact representation of other chains.

TABLE 5.1: UNBRANDED RETAIL MEAT ITEMS CARRIED IN AN EDMONTON SUPERMARKET INCLUDING UNBRANDED RETAIL MEAT ITEMS SAMPLED, SUMMER, 1970[1]

Commodity[2]	Cuts	Total No. of Cuts	% Share of All Meats	% Share of Commodity	No. of Cuts in Sample	% of Commodity	% of Sample
Pork[3]	Fresh Cuts[4]	35	18.8	59.3	19		35.2
	Hams[5]	9	4.8	15.2	1		1.9
	Picnic Shld.	6	3.2	10.2	1		3.7
	Cottage Rolls	4	2.2	6.8	-		
	Variety Meats[6]	5	2.7	8.5	-		
	Total	59	31.7	100.0	21	35.6	38.9
Beef	Steaks[7]	27	14.5	36.5	11		20.4
	Roasts	23	12.4	31.1	9		16.7
	Stews	9	4.8	12.2	4		7.4
	Grd. Beef	5	2.7	6.8	2		3.7
	Variety Meats	10	5.4	13.5	-		
	Total	74	39.8	100.0	26	35.1	48.1
Chicken	Eviscerated[8]	23	12.4	71.9	2		3.7
	Cut-up[9]	9	4.8	28.1	3		5.6
	Total	32	17.2	100.0	5	15.6	9.3
Lamb	Fresh[10]	12	6.5	57.1	-		
	Frozen[11]	9	4.8	42.9	2		3.7
	Total	21	11.3	100.0	2	9.5	3.7
	Grand Total	185	100.0	-	5	29.0	100.0

Source: R. McKee, Director, Meat Operations, Horne and Pitfield Ltd., Retail Meat Department Product List, April, 1970.

1 The meat department of a typical supermarket carries approximately 400 meat and fish items of which about 185 are fresh unbranded meat items.

2 This table does not include the commodity veal or its cuts basically for two independent reasons, first, the per capita consumption of veal is relatively small; second, its presence on the retail meat counter is infrequent.

3 Since this study was concerned with unbranded commodity items, products such as bacon were not included because these products are differentiated and merchandised primarily as a brand item.

4 Includes one processed item, pork chopettes, and also includes ground pork.

5 This section is made up of unbranded bone-in and boneless hams.

6 Variety meats include items such as liver, kidney , heart , tongue , etc. The products sampled did not include these variety meats since the study was concerned with the different commodity carcass cuts.

7 Includes steakettes.

8 This section includes chicken, fowl, turkey and specialty items such as geese, ducks, game hens, etc. The products sampled from this section were fryers as they were the major competitor for pork.

9 Includes cut-up chicken and edible offal such as chicken livers, gizzards, etc.

10 The fresh items are mainly Alberta lamb products and were not included in the sample because of the lack of continuity of weekly supply.

11 The frozen items are primarily imported New Zealand lamb and are included in the sample because of consistent supply and reasonably competitive price.

in both directions? What influence upon ccnsumer purchasing decisicns does income and ethnic background have? Is commodity promotion important? Does commodity promotion affect each cut equally? Dces commodity promotion affect other meats and to what magnitude? Is promotion at the retail level a desirable and useful tool for the producer to utilize in attempting to improve his position? These and various other questions warrant answers. Fresh meat interrelaticnships by commodity and by cut are examined, followed by an analysis of the effectiveness of the pork promction undertaken by the Board.

An Overview of the Retail Meat Sales

The retail meat counter sales volume by commodity is illustrated in Table 5.2. From the table it can be observed that there exists wide fluctuations in sales for the various commodities, however, pork sales were the most stable of the fresh meats studied. The importance of socio-economic differences in meat consumption patterns is also evident with relatively higher beef sales in the high socio-economic areas compared with relatively greater pork and poultry sales in the lower socic-eccnomic areas. Further insight into retail meat relationships may be achieved when comparisons are made in percentage terms as illustrated in Table 5.3. The most important commodity for all stores in the survey was beef with total sales of approximately 60

TABLE 5.2: MEAT SALES VOLUME BY COMMODITY, IN POUNDS[1]

Volume / Group & Month	1969 Pork	1969 Poultry	1969 Beef	1970 Pork	1970 Poultry	1970 Beef
All Stores						
June	19,725	41,723	59,103	21,602	30,153	66,221
July	21,015	21,912	68,888	23,018	19,024	68,144
August	19,504	15,370	91,391	25,485	20,986	83,505
3 Month Total	60,244	79,005	219,382	70,105	70,163	217,870
High Group						
June	7,046	15,199	29,397	9,698	16,168	35,043
July	10,409	11,003	34,713	9,493	7,695	38,109
August	8,529	6,563	49,590	11,222	12,040	44,557
3 Month Total	25,984	32,765	113,700	30,413	35,903	117,709
Low Group						
June	12,679	26,524	29,706	11,904	13,985	31,178
July	10,606	10,909	34,175	13,525	11,329	30,035
August	10,975	8,807	41,801	14,263	8,946	38,948
3 Month Total	34,260	46,240	105,682	39,462	34,260	100,161

[1]All uncited tables are composed of original data monitored in the survey.

percent of all fresh meat sales with a range during the survey period from 56.1 to 64.2 percent. Pork and poultry ranked approximately equal, each accounting for approximately 20 percent of total meat sales and having a range of 18.3 to 20.9 percent and 16.1 to 25.6 percent, respectively.[1]

Some of the socio-economic influences can also be noted in Table 5.3. The consumption patterns of the higher income area residents indicate that they consumed relatively more beef than the overall average noted above (approximately 64 percent of total fresh meat sales in 1970), and this increased beef consumption was primarily at the expense of pork (only 17 percent of total fresh meat sales in 1970). Similarly, the lower income, more varied ethnic areas, as represented in the Low Group in Table 5.3, purchased less beef (approximately 57 percent in 1970) and more pork (with a market share of more than 22 percent in 1970) than the city average.[2]

The overall shifts in the makeup of total fresh meat sales between 1969 and 1970 can also be seen in Table 5.3. Overall beef and poultry sales percentages declined while the pork sales percentage increased in 1970. Pork gains

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[1] These figures are for the year 1970, similar figures for 1969 are shown in Table 5.3.

[2] The variation in poultry sales from the average for the two groups in 1970 was approximately 1 percent, with the low group being higher than the average.

TABLE 5.3: COMMODITY BREAKDOWN OF TOTAL MEAT SALES, IN PERCENT

Store, Month & Monthly Totals	1969 % of Total Sales			1970 % of Total Sales		
	Pork	Poultry	Beef	Pork	Poultry	Beef
All Stores						
June	16.4	34.6	49.0	18.3	25.6	56.1
July	18.8	19.6	61.6	20.9	17.3	61.8
August	15.4	12.2	72.4	19.6	16.1	64.2
3 Month Total	16.8	22.0	61.2	19.6	19.6	60.8
High Group						
June	13.6	29.4	56.9	15.9	26.5	57.5
July	18.5	19.6	61.8	17.2	13.9	68.9
August	13.2	10.1	76.7	16.5	17.8	65.7
3 Month Total	15.1	19.0	65.9	16.5	19.5	64.0
Low Group						
June	18.4	38.5	43.1	20.9	24.5	54.6
July	19.0	19.6	61.4	24.6	20.6	54.7
August	17.8	14.3	67.9	22.9	14.4	62.7
3 Month Total	18.4	24.8	56.8	22.8	19.7	57.5

were substantial in the low group and affected primarily the poultry sales within that group. In the higher income areas, pork gains were chiefly at the expense of beef.[1]

Weekly Sales Fluctuations

When commodity sales comparisons are made on a weekly basis, somewhat more insight into the retail meat counter is possible. Weekly sales fluctuations of the three meat commodities were plotted and are diagramatically represented in Figures 5.3, 5.4, 5.5, 5.6, 5.7, and 5.8.

The weekly fluctuations in retail pork sales are illustrated in Figures 5.3 and 5.4. The results show a slight downward trend of pork sales in 1969 and a slight upward trend of pork sales in 1970 over the time period that the research was undertaken. Moreover, all stores tended to be in a more similar sales pattern in 1970 than in 1969, notwithstanding the somewhat wild fluctuations to higher levels by store S. It should also be noted that for both years, but particularily for 1970, high income areas (stores E and S) were below the lower income areas (stores N and W) in weekly pork sales.

Figures 5.5 and 5.6, showing the weekly fluctuations in beef sales for the respective years, indicate results

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[1] This point will be expanded in the latter sections of this chapter.

FIGURE 5.2: WEEKLY FLUCUATIONS IN RETAIL PORK SALES - 1970

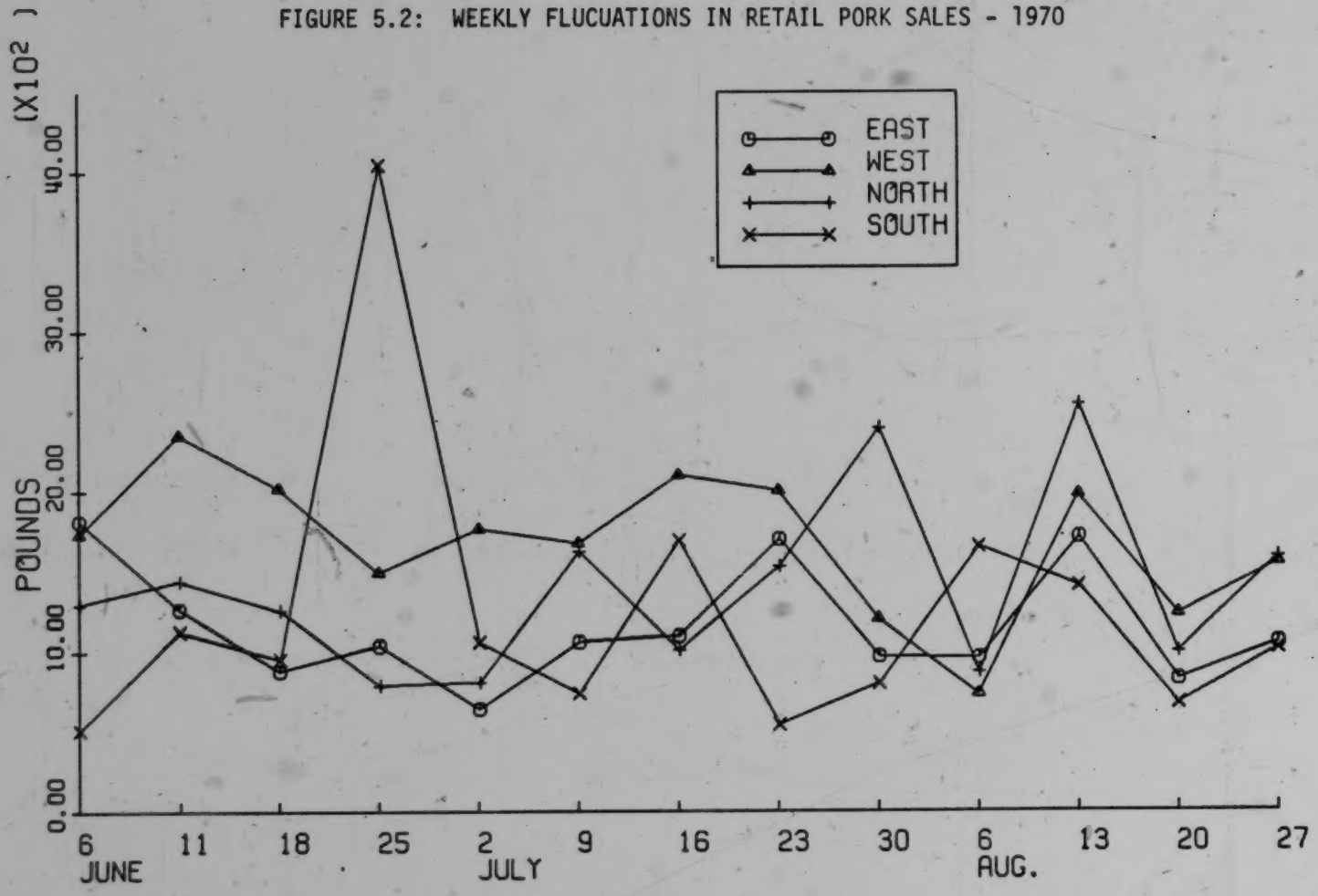


FIGURE 5.3: WEEKLY FLUCUATIONS IN RETAIL PORK SALES - 1969

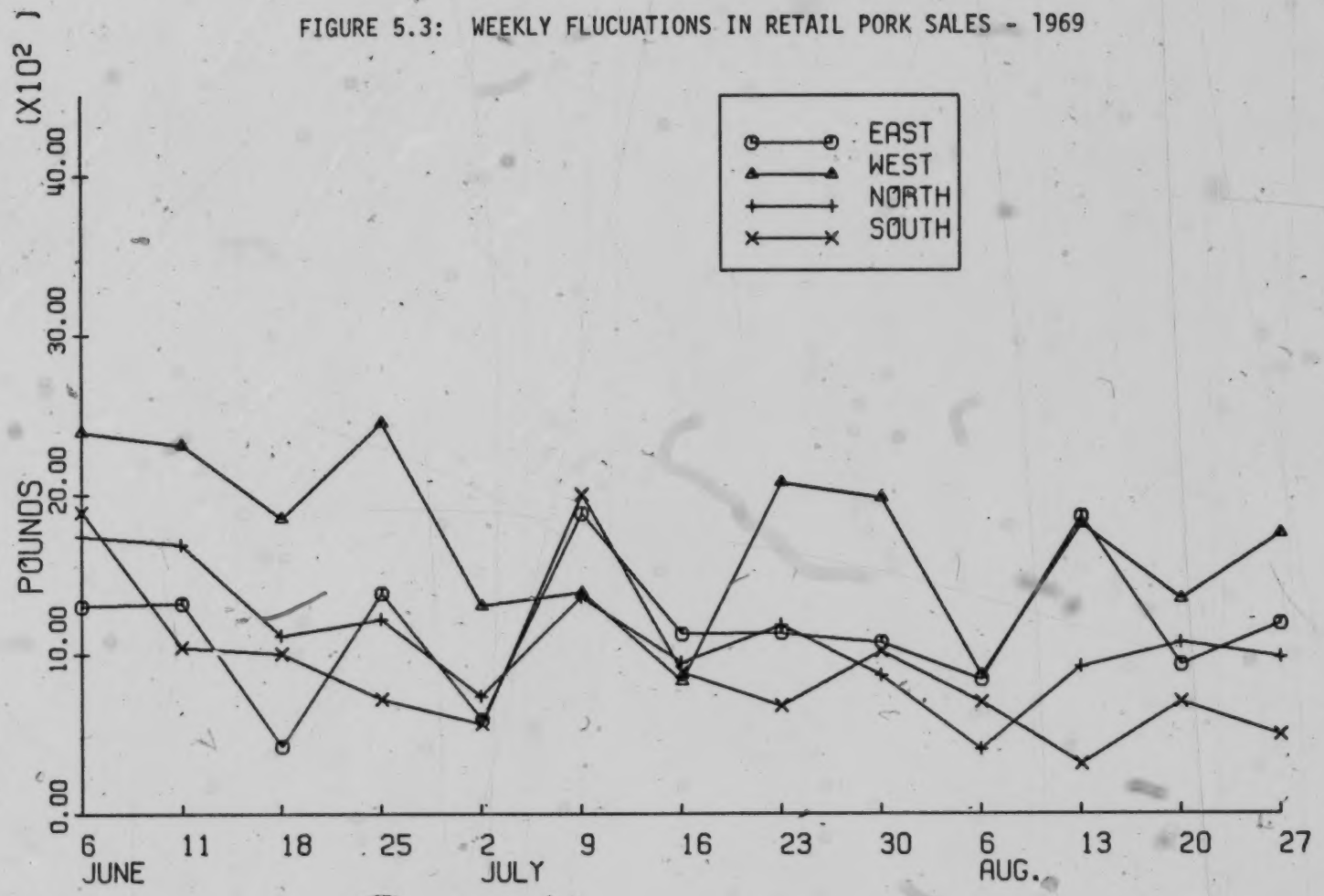


FIGURE 5.4: WEEKLY FLUCUATIONS IN RETAIL BEEF SALES - 1970

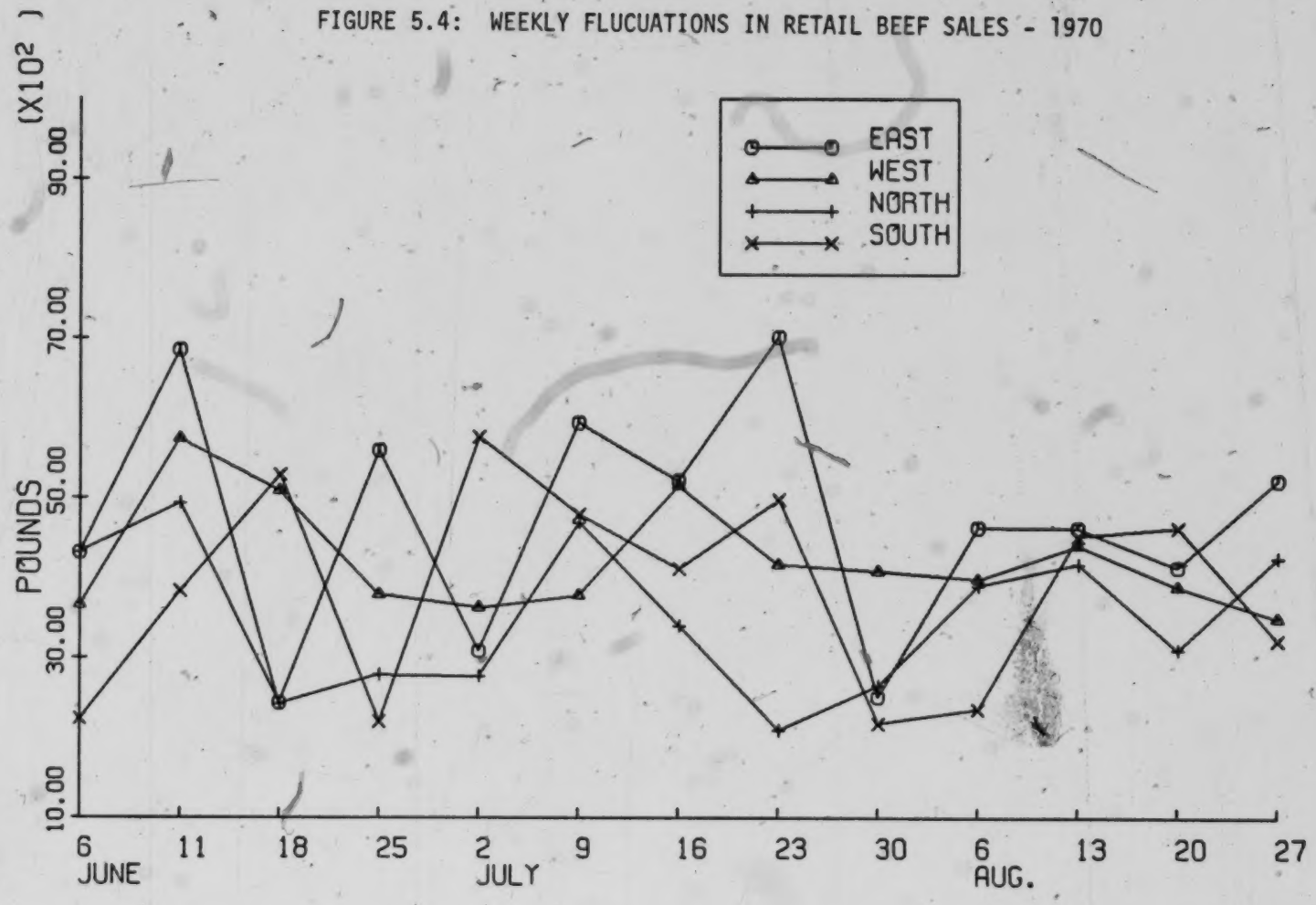


FIGURE 5.5: WEEKLY FLUCUATIONS IN RETAIL BEEF SALES - 1969

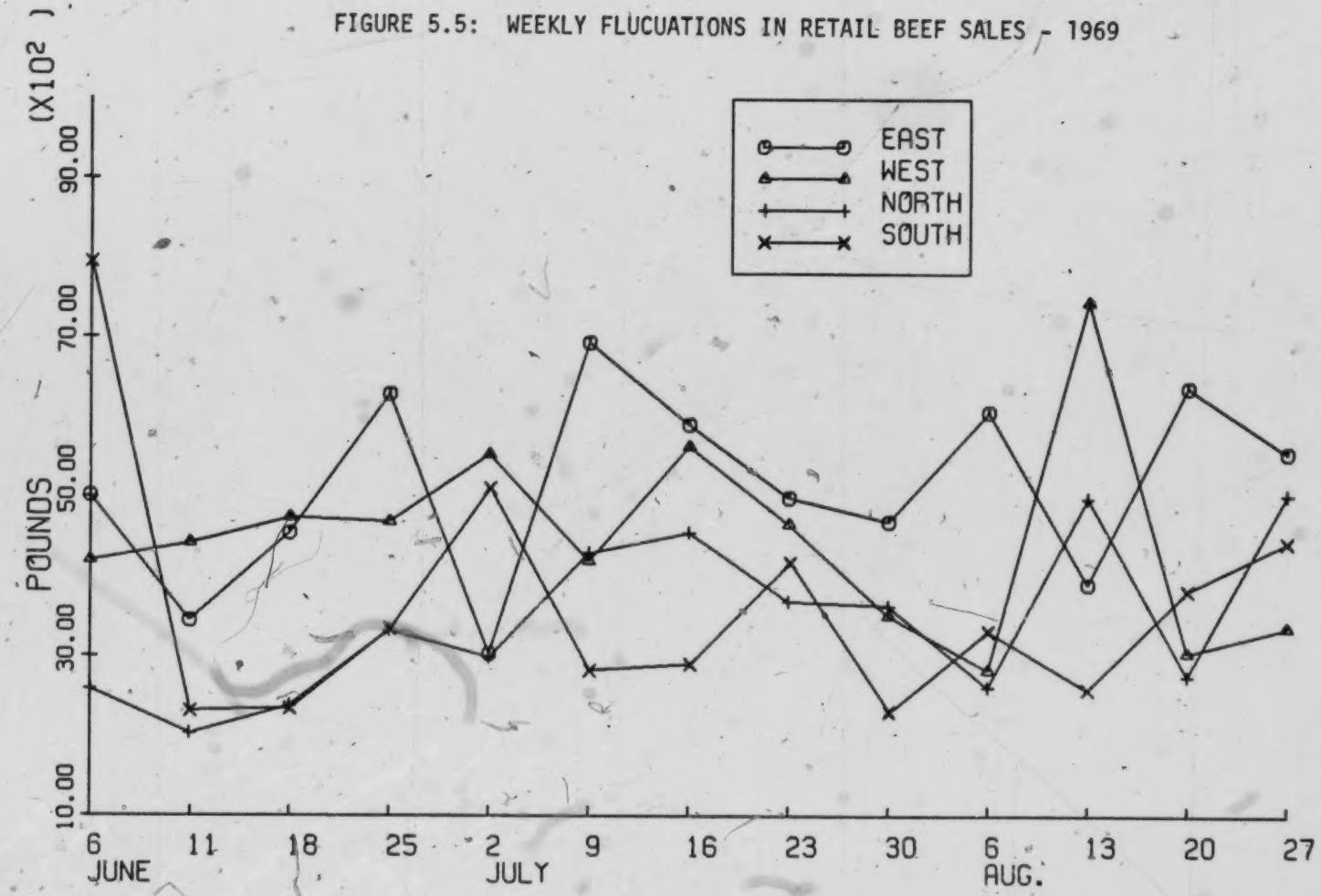


FIGURE 5.6: WEEKLY FLUCUATIONS IN RETAIL POULTRY SALES - 1970

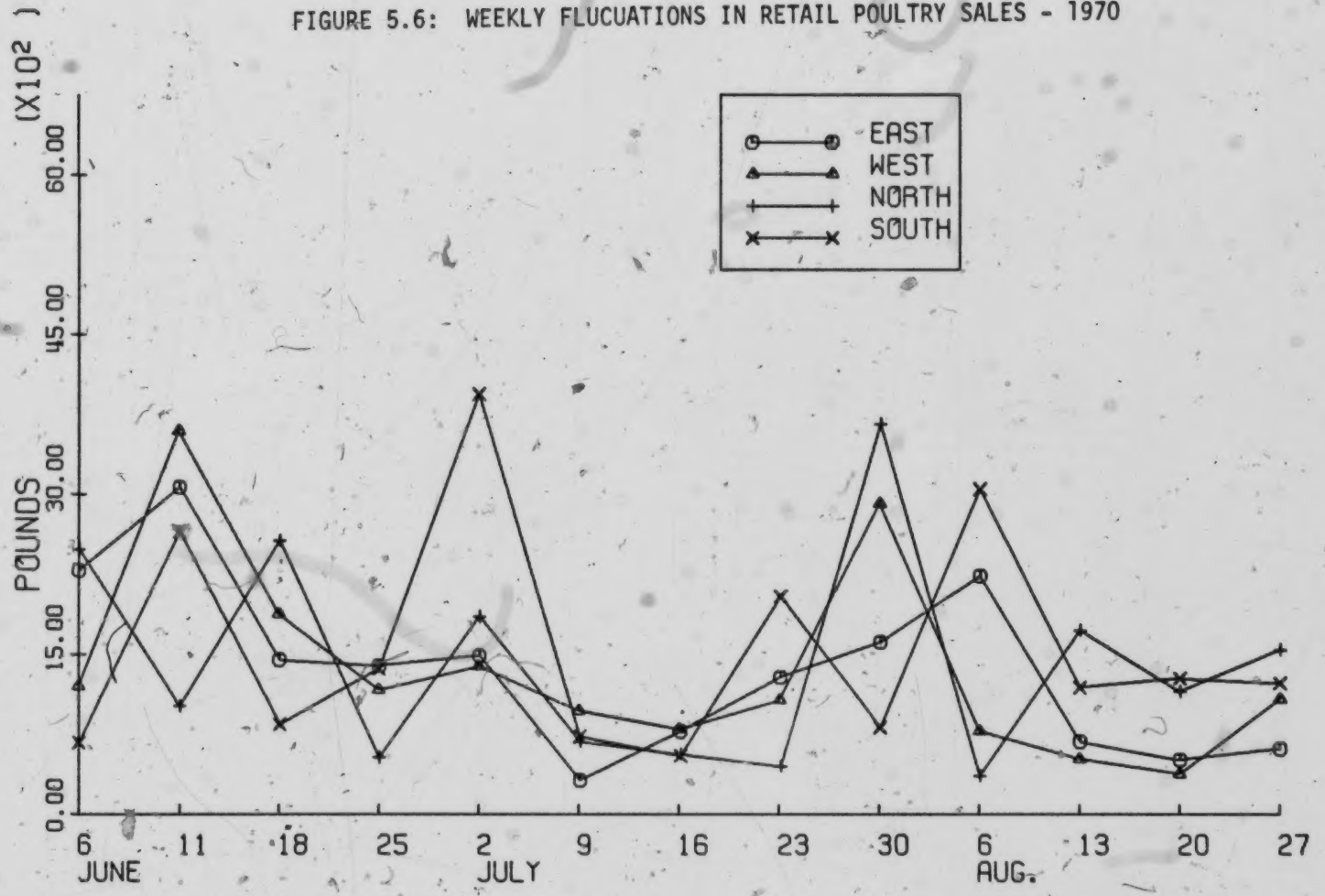
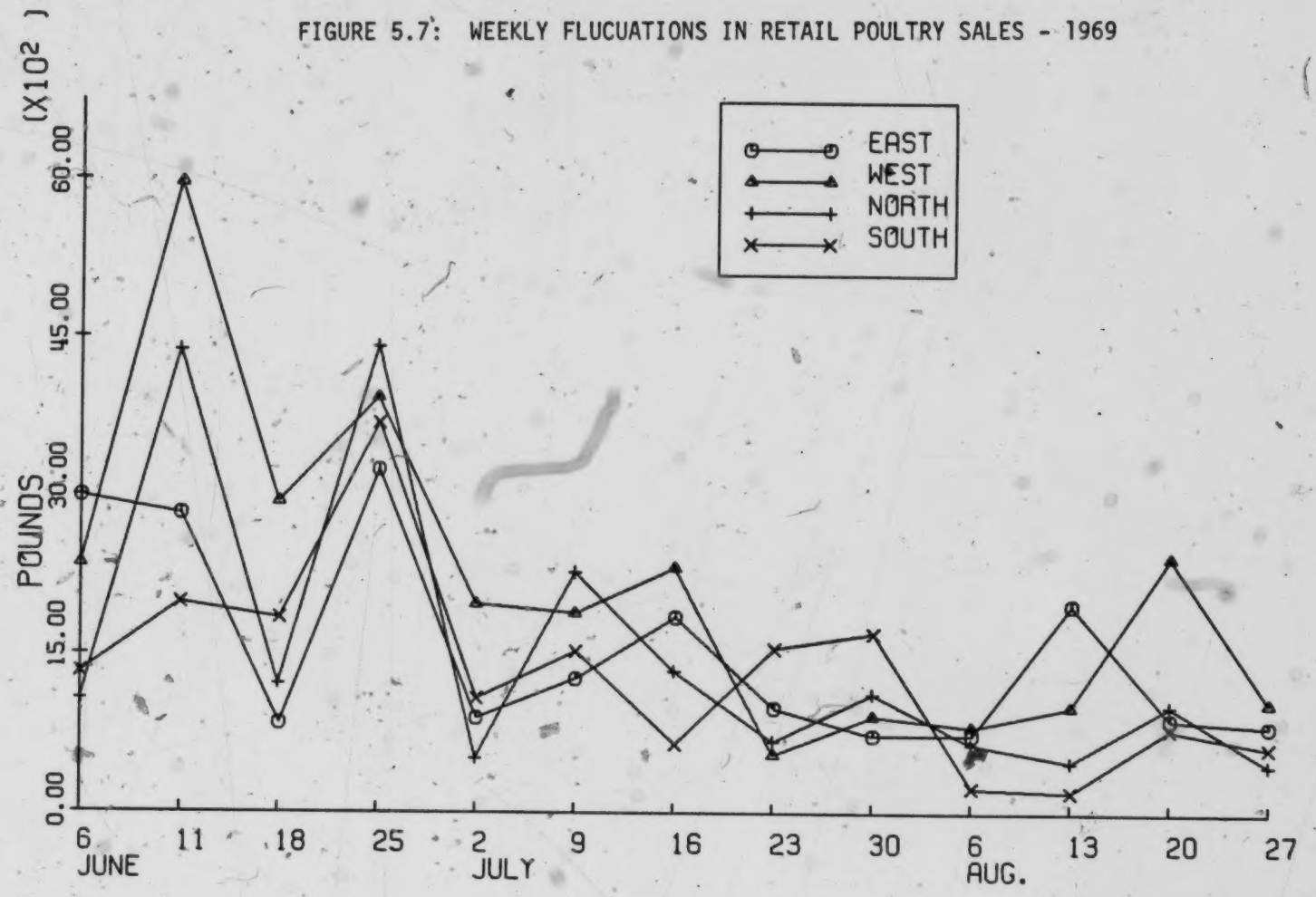


FIGURE 5.7: WEEKLY FLUCUATIONS IN RETAIL POULTRY SALES - 1969



somewhat similar to those indicated in Figures 5.3 and 5.4. Beef sales tended to be more closely grouped in 1970 with the sales trend being almost horizontal throughout the study period.

The weekly poultry sales fluctuations are illustrated in Figures 5.7 and 5.8. Of the three meats studied, poultry was the most consistent among the stores. Making the comparison between years, 1970 sales were below 1969 sales in the early summer but appeared to be somewhat higher by late August.

General Meat Price Relationships

Price levels at the retail meat counter in 1970 were substantially lower than their 1969 levels (noted in Table 5.4). Comparing the respective prices for the three month campaign, June through August, the prices in 1970 were approximately 14.3, 7.0, and 20.0 percent lower for pork, beef and chicken than in 1969.

Inter-Commodity Cut Comparisons.[1]

Further insights into the relationships that exist among fresh meats can be gained by studying the makeup of the commodity sales according to the various meat cuts

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[1] The tables discussed in this section have been developed from the study's primary data.

TABLE 5.4: MEAT COMMODITY PRICES-WHOLESALE, CENTS PER POUND

Prices / Month	Regular Pork Loins		Choice Steer Sides		Grade 'A' Fryers	
	1969	1970	1969	1970	1969	1970
June	73.5	63.0	60.5	55.0	43.5	34.5
July	72.5	62.0	58.0	53.0	45.0	37.0
August	74.5	64.0	54.5	52.5	46.0	36.5
3 Month Average	73.5	63.0	57.5	53.5	45.0	36.0

merchandised.[1] Pork is the only meat commodity which is available to the retailer in a semi-processed form (i.e., it is wholesaled primarily by the cuts rather than by the carcass). The breakdown of retail pork sales as illustrated by Table 5.5 indicates that over the two year study period, the major pork cuts were loins, and, to a lesser degree, hams, shoulders and spareribs. It should be noted that the monthly volumes for these cuts were more stable in 1970 than in 1969. Beef, on the other hand, was primarily wholesaled by the side and was cut-up at the retail level. Table 5.6 illustrates the magnitude of the difference between these commodities with sides accounting for approximately 50 percent of sales in 1969 and increasing to more than 60 percent in 1970. Poultry at the wholesale level is primarily in the form of whole birds as noted in Table 5.7. A major change in the composition of retail poultry sales occurred in 1970 with chicken sales volumes increasing while turkey volumes declined substantially.

Socio-Economic Differences

Meat consumption patterns vary widely within a city the size of Edmonton and depend upon the various socio-economic regions found throughout its area. The two socio-economic

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[1] For discussion purposes in this section, the commodity sales will be broken down into wholesale cuts which are available to the retailer.

TABLE 5.5: COMPOSITION OF RETAIL PORK SALES FOR ALL STORES STUDIED, IN PERCENT

Year and Month	Total Pork	Loins	Spare-ribs	Mont. Shld.	Hams	Butts	Bellies	Riblets	Hocks	Picnics	Backs	Button Bones	Legs	Offal	Chop-ettes
1969															
June	100.0	23.3	5.9	16.5	15.7	-	0.7	4.6	9.6	8.6	5.3	1.9	2.1	4.7	0.5
July	100.0	27.5	12.9	12.8	17.8	0.1	0.9	3.5	3.1	8.4	7.3	0.5	0.5	4.8	-
August	100.0	30.8	14.0	10.1	11.9	-	1.1	6.6	6.3	5.1	6.4	1.2	1.9	4.6	-
3 Month Average	100.0	27.2	11.0	13.1	15.2	-	0.9	4.9	6.3	7.4	6.5	1.2	1.5	4.7	0.2
1970															
June	100.0	27.1	12.7	6.9	16.2	2.3	1.3	5.1	5.8	4.1	8.4	2.1	1.1	3.8	3.1
July	100.0	24.8	15.0	6.2	17.7	1.7	1.3	5.8	5.1	8.1	6.3	1.9	0.3	3.8	2.1
August	100.0	29.1	9.2	8.7	14.4	2.1	1.3	8.3	5.8	6.2	7.5	2.8	0.8	4.4	0.5
3 Month Average	100.0	27.1	12.2	7.3	16.0	2.1	1.3	6.5	5.6	6.2	7.4	1.8	0.7	4.0	1.8

TABLE 5.6: COMPOSITION OF RETAIL BEEF SALES FOR ALL STORES STUDIED, IN PERCENT

Year & Month	Total Beef	Sides	Hinds	Fronts	Hips	Chucks	Boneless Bull	Edible Offal	Misc.
1969									
June	100.0	44.5	2.6	16.6	7.4	14.0	3.9	3.6	7.4
July	100.0	48.5	1.4	13.3	9.9	20.5	1.7	2.8	1.9
August	100.0	58.4	1.7	7.6	5.2	19.3	2.0	1.8	4.0
3 Mo. Avg.	100.0	50.5	1.9	12.5	7.5	17.9	2.5	2.7	4.4
1970									
June	100.0	60.1	2.6	6.2	7.0	15.0	1.5	2.6	5.0
July	100.0	68.7	2.8	2.9	7.7	11.5	1.4	2.3	2.7
August	100.0	57.9	3.0	5.4	4.8	21.0	2.4	2.0	3.4
3 Mo. Avg.	100.0	62.2	2.8	4.8	6.5	15.8	1.8	2.3	3.7

TABLE 5.7: COMPOSITION OF RETAIL POULTRY SALES FOR ALL STORES STUDIED, IN PERCENT

Year and Month	Total Poultry	Total Chicken	Whole A	Utility	Drum-sticks	Breasts	Wings	Total Turkey	Whole A	Utility	Turkey Parts	Ducks
1969												
June	100.0	41.8	32.4	6.7	0.6	1.9	0.3	58.1	15.5	42.1	0.5	0.1
July	100.0	78.5	63.8	13.8	-	0.7	0.3	21.2	4.5	16.1	0.6	0.2
August	100.0	79.9	68.6	10.4	0.3	0.4	0.6	19.9	19.9	-	-	0.2
3 Mo. Avg.	100.0	66.7	54.9	10.3	0.3	1.0	0.4	33.1	13.3	19.4	0.4	0.2
1970												
June	100.0	78.4	67.2	8.0	0.7	1.0	1.2	21.5	12.4	8.8	0.3	-
July	100.0	74.0	43.0	27.2	0.9	0.2	-	26.0	6.8	19.2	-	-
August	100.0	93.5	70.4	23.0	0.1	0.1	0.1	6.4	4.6	1.7	-	-
3 Mo. Avg.	100.0	82.0	60.2	19.4	0.6	0.4	0.4	18.0	7.9	9.9	0.1	-

regional categories were examined with respect to their particular meat consumption patterns. (See Table 5.8, 5.9, and 5.10) The higher-ranked regions favor the choice pork cuts, with loin cuts and hams accounting for approximately 30 percent and 20 percent of their pork purchases, respectively. On the other hand, in the lower-ranked regions, consumer purchases included more of the lower quality cuts such as shoulders, riblets, hocks and picnics. The important difference in beef consumption patterns was that the retailers in the high-ranked regions were able to merchandise all cuts and therefore primarily ordered sides, which accounted for 70 percent of sales. The consumers in the lower-ranked regions purchased a higher proportion of the lower quality cuts from front and chuck primary cuts and, as a result, only about 55 percent were sides, with fronts and chucks accounting for approximately 10 and 17.5 percent of sales, respectively. Poultry sales patterns were more similar than for pork or beef in the two regions. In both regions' the major poultry purchase was chicken and primarily whole 'A' which accounted for approximately 60 percent of poultry sales. Turkey sales accounted for less than 20 percent of poultry sales, however, there were noticeably compcsition differences as approximately 70 percent of the turkey sales were utility grade birds in the lower-ranked region while in the higher-ranked region 70 percent were grade 'A' birds.

TABLE 5.8: SOCIO-ECONOMIC DIFFERENCES IN RETAIL PORK SALES, IN PERCENT FOR 1970

Group, Month	Total Pork	Loins	Spare-ribs	Mont. Shld.	Hams	Butts	Bellies	Rib-lets	Hocks	Picnic	Backs	Button Bones	Legs	Edible Offal	Chop-ettes
High															
June	100.0	31.0	10.2	3.9	26.8	2.0	0.7	3.9	2.6	1.7	8.4	1.8	2.4	2.6	2.1
July	100.0	28.4	19.9	3.1	21.4	1.9	1.2	2.7	1.4	4.7	7.8	2.2	0.6	3.4	1.4
Aug.	100.0	30.9	12.1	5.3	20.4	1.7	0.7	7.2	2.3	4.7	7.0	2.9	1.1	3.4	0.3
3 Mo. Avg.	100.0	30.1	14.1	4.1	22.9	1.9	0.9	4.6	2.1	3.7	7.7	2.3	1.4	3.1	1.3
Low															
June	100.0	24.0	14.7	9.3	7.5	2.5	1.8	6.2	8.4	6.2	8.4	3.4	-	4.9	3.9
July	100.0	22.2	11.5	8.3	15.1	1.6	1.3	8.0	7.7	10.5	5.3	1.7	0.1	4.0	2.6
Aug.	100.0	27.7	6.9	11.3	9.7	2.5	1.7	9.2	8.5	7.4	7.9	0.6	0.5	5.2	0.8
3 Mo. Avg.	100.0	24.6	11.0	9.6	10.8	2.2	1.6	7.8	8.2	8.0	7.2	1.9	0.2	4.7	2.4

TABLE 5.9: SOCIO-ECONOMIC DIFFERENCES IN RETAIL BEEF SALES IN PERCENT FOR 1970

Group Month Month,	Total Beef	Sides	Hinds	Fronts	Hips	Chicks	Bonless Bulls	Edible Offal	Misc.
High									
June	100.0	70.3	3.9	1.4	5.6	12.9	--	2.1	3.9
July	100.0	79.0	3.6	-	5.5	4.8	--	1.7	1.8
August	100.0	59.3	5.7	2.4	4.7	23.3	0.7	1.7	2.3
3 Month Average	100.0	69.5	4.4	1.3	5.3	13.7	0.2	1.8	2.7
Low									
June	100.0	48.6	1.1	11.6	8.7	17.5	3.1	3.1	6.1
July	100.0	55.7	1.7	6.7	5.9	19.9	3.1	3.1	3.9
August	100.0	56.2	-	8.9	5.0	18.4	4.5	2.3	4.8
3 Month Average	100.0	53.5	0.9	9.1	6.5	18.6	3.6	2.8	4.9

TABLE 5.10: SOCIO-ECONOMIC DIFFERENCES IN RETAIL POULTRY SALES, IN PERCENT FOR 1970

Group, Month	Total Poultry	Chicken						Turkey			
		Total	Whole "A"'s	Utility	Drums	Breasts	Wings	Total	Whole	Utility	Parts
High											
June	100.0	75.6	67.4	6.1	0.5	0.5	1.0	24.4	18.7	5.4	0.3
July	100.0	85.6	44.2	40.5	0.4	0.5	-	14.4	9.1	5.3	-
August	100.0	90.1	66.4	23.2	0.1	0.1	0.2	9.9	6.9	3.0	-
3 Mo. Average	100.0	83.8	59.3	23.3	0.3	0.4	0.4	16.2	11.6	4.6	0.1
Low											
June	100.0	81.8	67.1	10.1	1.7	1.6	1.4	18.2	5.1	12.7	0.3
July	100.0	66.1	42.2	18.3	1.2	-	-	33.9	5.2	28.7	-
August	100.0	98.4	75.7	22.7	-	-	-	1.6	1.6	-	-
3 Mo. Average	100.0	82.1	61.7	17.0	1.0	0.5	0.5	17.9	4.0	13.8	0.1

Pork, Its Promotion And The Retail Meat Counter

The preceding sections of this chapter have briefly outlined and reviewed the makeup of the retail meat counter and the interrelationships which exist among its various commodity components. Given this background, the following section will be concerned with the examination of what effect, if any, commodity promotion has upon the commodity itself as well as whether it affects the entire retail meat counter. This examination will compare the differences between consumption patterns over the three month study periods (June through August) during 1969 and 1970.

Inter-Commodity Effects

An indication of the possible influence of a change in market strategy, such as the pork promotion undertaking, on the market place can be obtained only upon accounting for the effect of changes in the respective prices, i.e., accounting for the price and cross elasticity relationships.[1]

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[1] As this study could not develop its own demand interrelationships at the retail level, the results of a study made by P.S. George and G.A. King, Consumer Demand for Food Commodities in the United States with Projections for 1980, Giannini Foundation Monograph Number 26 (Berkeley: University of California, March, 1971), was utilized. For the purposes of this analysis it was assumed that consumer demands in Alberta and Edmonton would not be significantly different from those in the United States.

The analysis of the changes in quantity over the study period was carried out by making use of the elasticity figures shown in Table 5.11 and the comparative retail meat prices for the 1969 and 1970 study pericds as reported in Table 5.12. Table 5.13 illustrates , in percentage terms, the expected change in quantity purchased as a result of the lower 1970 meat prices. Upon comparison of these expected figures with the observed quantity figures, as illustratated in Table 5.14, it can be observed that for all stores the quantity of pork sold was much higher than expected, given the respective price and cross elasticity relationships. The retail meat price declines registered should have resulted in increased pork sales of approximately 5.5 percent. However, actual pork sales increased almost 16.5 percent. With retail meat prices explaining only about one-third cf the increase in pork sales, the remaining increase was due to factcrs other than price, of which promotion was one.

Before examining the socic-economic differences within Edmontcn, what changes in quantity have taken place for the cther meat commodities? Beef sales should have remained at similar levels in 1970; however, they did decline by slightly less than 1 percent. Poultry meats registered the most significant change in consumer buying habits as consumers purchased more chicken and less turkey than

TABLE 5.11: RETAIL DEMAND INTERRELATIONSHIPS[1]

Quantity Demanded of	Retail Price			
	Pork	Beef	Chicken	Turkey
Pork	-0.413013	0.076284	0.035251	0.005037
Beef	0.082609	-0.643800	0.067566	0.007526
Chicken	0.120758	0.197067	-0.777330	0.083745
Turkey	0.065280	0.097580	0.400000	-1.555329

[1]The figures represent the respective change in quantity from a one percent change in price.

Source: Consumer Demand for Food Commodities in the United States with Projections for 1980, Giannini Foundation Monograph, Number 26, March 1971.

TABLE 5.12: EDMONTON RETAIL MEAT PRICES DURING THE STUDY PERIOD

Year	Average Retail Price (cents/lb.)			
	Pork	Beef	Chicken	Turkey
1969	120.0	103.5	48.0	49.0
1970	101.0	99.0	39.0	41.0

TABLE 5.13: EFFECT ON MEAT DEMAND RELATIONSHIPS, IN PERCENT

Commodity	Change in Price of:[1]	Change in Quantity Due to:				Overall Change in Quantity
		Price of Pork	Price of Beef	Price of Chicken	Price of Turkey	
Pork	-15.83	+6.54	-0.33	-0.66	-0.08	+5.47
Beef	- 4.35	-1.31	2.80	-1.27	-0.12	+0.10
Chicken	-18.75	-1.91	-0.86	+14.57	-1.37	+10.43
Turkey	-16.33	-1.03	-0.42	-7.50	+25.40	+16.45

[1] Percent change of 1970 prices from 1969 prices, over the study period.

TABLE 5.14: QUANTITY CHANGES IN RETAIL MEATS, IN PERCENT

Commodity	Expected Change Due to Meat Price Declines	Observed Change: 3 mo. period (June-Jul.Aug.)
Pork	+5.47	+16.37
Beef	+0.10	- 0.69
Chicken	+10.43	+22.25
Turkey	+16.45	-60.00

expected from the respective price changes. Chicken purchases increased more than 20 percent and turkey volumes declined sharply with sales down 60 percent.

Upon examination of the quantity changes for the intra-city sccio-economic groups, the following observations, as illustrated in Table 5.15, can be made. Pork sales increased in similar magnitude for both groups; however, cnly turkey sales declined in the high socio-economic areas. In the low socio-economic areas, both beef and turkey volumes declined, with the latter falling over 70 percent. It would appear that , with the low socio-economic areas having limited purchasing power, an increase in pork and chicken is somewhat offset by a decline in beef and turkey purchases. Morecver, consumers in 1970 have apparently altered their poultry meat preference in favor of chicken and away frcm turkey.

Have these quantity changes reflected similar changes in the commodity composition of retail meat sales? In comparing the respective sales composition for 1969 and 1970, as shown in Table 5.16, it can be observed that, although the ccmmodities remained in their respective positicns (i.e., in order of relative importance: beef,pork,chicken and turkey), pork and chicken increased their market share at the expense of beef and in particular turkey. Moreover, some interesting developments can be

TABLE 5.15: QUANTITY CHANGES IN DIFFERENT SOCIO-ECONOMIC AREAS, IN PERCENT

Commodity	High Socio-Economic Group	Low Socio-Economic Group
Pork	+16.01	+15.18
Beef	+ 3.53	- 5.22
Chicken	+21.27	+23.31
Turkey	-24.07	-72.49

TABLE 5.16: CHANGES IN RETAIL MEAT SALES COMPOSITION, IN PERCENT

Commodity	Total Survey			High Socio-Economic Group			Low Socio-Economic Group		
	1969	1970	% Change	1969	1970	% Change	1969	1970	% Change
Pork	16.90	19.70	16.57	15.15	16.51	8.98	18.53	23.06	24.45
Beef	61.12	60.74	-0.62	65.91	63.98	-2.93	56.69	57.33	1.13
Chicken	13.08	16.00	22.32	14.17	16.11	13.69	12.06	15.87	31.59
Turkey	8.90	3.56	-60.00	4.78	3.40	-28.87	12.72	3.73	-70.68

noted when comparing the different socio-economic groups within this overall market. Basically, pork has a higher proportion of consumer meat purchases in the lower socio-economic areas than in the higher socio-economic areas. It should also be noted that, although the importance of pork increased in both areas in 1970, the greatest proportional expansion was in the lower socio-economic areas. In addition, the increase in sales of pork and chicken in the higher socio-economic areas was coupled with a decline in beef and turkey sales whereas in the lower socio-economic areas all three meats increased their market shares at the expense of turkey.

Attention should also be drawn to a comparison of meat sales, their general composition and overall quantities purchased. In the higher socio-economic areas, total quantities purchased increased for pork, beef, and chicken, but pork and chicken consumption increased at a higher rate than beef sales with the result that for the areas' meat composition, the importance of beef declined. The lower socio-economic areas, on the other hand , had less meat purchased in 1970 with the result that, although beef sales did decline, the proportion of meat sales that were beef actually increased. The effect upon sales in these two different market environments can also be noted in that the quantity changes for pork were approximately the same; however, its importance in meat sales composition was about

50 percent less in the higher socio-economic group than in the lower socio-economic group.

Intra-Commodity Effects[1]

Upon examination of the composition of retail pork sales (see Table 5.17) and the percentage change in pork sales (see Table 5.18) the following shifts in pork sales have taken place: (1) A decline in the importance of shoulder cuts, hocks, legs and picnics; and, (2) An increase in the sales of spareribs, riblets, hams and chopettes. It should also be noted that although the composition of pork sales during the three month campaign period remained relatively static, the monthly composition differences and the sales volume shifts were significant both in terms of when they occurred and in their magnitude. The volume of loin cuts increased in June and August, with July volumes slightly less in 1970 than in 1969. Sparerib sales, on the other hand, increased in June and July and declined in August. The volumes of shoulder cuts and picnics were down in the early summer; however they did strengthen in August. The pork sales composition for June showed a shift towards the loin cuts, spareribs, backs and chopettes and away from the shoulder cuts, hocks and picnics. By August, the

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[1] This section will examine the shifts that have occurred, with respect to , the various pork cuts purchased - initially for the city in general and then for the different socio-economic areas within the city.

TABLE 5.17: COMPOSITION OF RETAIL PORK SALES BY WHOLESALE CUTS, IN PERCENT[1]

Group, Year, Month	Total Pork	Loins	Spare-ribs	Mont. Shld.	Hams	Butts	Bellies	Rib-lets	Hocks	Pic-nic	Backs	Button Bones	Legs	Edible Offal	Chop-ettes
All Stores 1969															
'69 June	100.0	23.3	5.9	16.5	15.7	-	0.7	4.6	9.6	8.6	5.3	1.9	2.1	4.7	0.5
July	100.0	27.5	12.9	12.8	17.8	0.1	0.9	3.5	3.1	8.4	7.3	0.5	0.5	4.8	-
Aug.	100.0	30.8	14.0	10.1	11.9	-	1.1	6.6	6.3	5.1	6.4	1.2	1.9	4.6	-
3 Mo. Average	100.0	27.2	11.0	13.1	15.2	-	0.9	4.9	6.3	7.4	6.5	1.2	1.5	4.7	0.2
All Stores 1970															
'70 June	100.0	27.1	12.7	6.9	16.2	2.3	1.3	5.1	5.8	4.1	8.4	2.1	1.1	3.8	3.1
July	100.0	24.8	15.0	6.2	17.7	1.7	1.3	5.8	5.1	8.1	6.3	1.9	0.3	3.8	2.1
Aug.	100.0	29.1	9.2	8.7	14.4	2.1	1.3	8.3	5.8	6.2	7.5	2.8	0.8	4.4	0.5
3 Mo. Average	100.0	27.1	12.2	7.3	16.0	2.1	1.3	6.5	5.6	6.2	7.4	1.8	0.7	4.0	1.8

[1]This table is the same as Table 5.5 and is repeated here to aid in understanding the comparisons being made in this section.

TABLE 5.18: PERCENTAGE CHANGE IN PORK SALES BY SOCIO-ECONOMIC GROUPS, (1970/1969)

Group & Month	Total Pork	Loins	Spare-ribs	Mont. Shld.	Hams	Riblets	Hocks	Picnics	Edible Offal
Low									
June	-6.1	9.5	183.0	-48.7	-53.7	19.0	-41.0	-41.3	-7.8
July	27.5	11.2	63.8	-33.4	7.7	86.3	181.7	12.6	-10.8
August	30.0	23.3	-23.3	32.4	37.5	45.6	29.3	14.6	25.3
3 Month Average [1]	15.9	15.2	50.3	-24.0	-10.7	49.0	8.5	- 6.5	1.9
High									
June	37.6	50.5	78.8	-65.9	125.5	30.3	-27.6	-63.2	-16.5
July	-8.8	-12.4	7.2	-70.2	10.6	58.5	-52.9	-12.1	-17.9
August	31.6	23.6	-5.7	-20.0	73.8	108.0	-10.3	128.6	30.2
3 Month Average	17.0	16.3	12.8	-55.4	60.6	71.9	-15.9	10.0	-3.1
All Stores									
June	9.5	27.3	133.8	-54.5	13.2	22.6	-33.8	-47.1	-10.6
July	9.5	-1.4	27.0	-47.1	9.1	80.3	81.2	5.5	-13.6
August	30.7	23.4	-14.0	12.5	58.0	64.4	20.0	57.6	26.9
3 Month Average	16.4	15.8	29.0	-35.3	22.9	55.5	3.5	-2.7	0.2

[1] This average has been calculated on the total sales volume for the three month period.

composition of retail pork sales in 1970 was similar to that in August of the previous year.

Have the above changes been similarily reflected throughout the different socio-economic areas within the city? First, the composition of pork sales is examined in Table 5.19. For the three month study period, the low socio-economic areas tended to shift away from shoulder cuts, hams and picnics in favor of spareribs, riblets, backs and chopettes, while in the higher socio-economic areas hams, riblets, buttonbones and chopettes increased in importance at the expense of shoulder cuts, spareribs, hocks and backs. It is also interesting to note; however, that the loin volumes remained relatively unchanged, accounting for approximately 25 and 30 percent of retail pork sales in the lower socio-economic and higher socio-economic areas, respectively.

Comparison of the percentage change in pork sales between the two socio-economic groups, as shown in Table 5.18, illustrates the different consumption patterns and changes in those patterns. In the lower socio-economic areas, pork sales declined in June with only loins, spareribs and riblets up over 1969 volumes. July volumes, however began to recover with loins and riblets sales continuing to improve and the volume of hams and hocks also was increasing. Volumes by August, for all cuts except

TABLE 5.19: COMPOSITION DIFFERENCES IN RETAIL PORK SALES BY SOCIO-ECONOMIC REGIONS, IN PERCENT

Group, Year, Month	Total Pork	Loins	Spare-ribs	Mont. Shld.	Hams	Butts	Bellies	Rib-lets	Hocks	Pic-nic	Backs	Button Bones	Legs	Edible Offal	Chop-ettes
High '69															
June	100.0	28.3	7.8	15.7	15.4	-	1.7	4.1	2.8	6.3	8.4	2.6	1.7	4.2	-
July	100.0	29.6	16.9	9.6	17.7	0.2	0.8	1.5	2.7	4.8	10.4	1.0	0.9	3.8	-
Aug.	100.0	32.9	16.9	8.7	15.4	-	1.2	4.6	3.4	1.0	9.9	1.3	1.1	3.5	-
3 Mo. Avg.	100.0	30.3	14.5	11.0	16.6	0.1	1.2	3.2	3.0	4.0	9.7	1.6	1.2	3.8	-
High '70															
June	100.0	31.0	10.2	3.9	26.8	2.0	0.7	3.9	2.[illegible]	1.7	8.4	1.8	2.4	2.6	2.1
July	100.0	28.4	19.9	3.1	21.4	1.9	1.2	2.7	1.4	4.7	7.8	2.2	0.6	3.4	1.4
Aug.	100.0	30.9	12.1	5.3	20.4	1.7	0.7	7.2	2.3	4.7	7.0	2.9	1.1	3.4	0.3
3 Mo. Avg.	100.0	30.1	13.9	4.2	22.8	1.9	0.8	4.7	2.1	3.7	7.7	2.3	1.4	3.1	1.2
Low '69															
June	100.0	20.6	4.9	16.9	15.3	-	0.2	4.9	13.4	9.9	4.3	1.6	2.3	4.9	0.8
July	100.0	25.5	9.0	15.9	17.9	-	1.0	5.5	3.5	11.9	4.2	-	-	5.8	-
Aug.	100.0	29.2	11.7	11.1	9.2	-	0.9	8.2	8.5	8.4	3.7	1.1	2.6	5.4	-
3 Mo. Avg.	100.0	24.9	8.3	14.8	14.1	-	0.7	6.1	8.8	10.0	4.1	0.9	1.7	5.4	0.3
Low '70															
June	100.0	24.0	14.7	9.3	7.5	2.5	1.8	6.2	8.4	6.2	8.4	3.4	-	4.9	3.9
July	100.0	22.2	11.5	8.3	15.1	1.6	1.3	8.0	7.7	10.5	5.3	1.7	0.1	4.0	2.6
Aug.	100.0	27.7	6.9	11.3	9.7	2.5	1.7	9.2	8.5	7.4	7.9	0.6	0.5	5.2	0.8
3 Mo. Avg.	100.0	24.7	10.8	9.7	10.9	2.2	1.6	7.9	8.2	8.1	7.2	1.5	0.2	4.7	2.3

spareribs had increased some 15 to 45 percent. The shifts however were somewhat different in the higher socio-economic areas, as June volumes were up substantially, some 37.5 percent, due primarily to loin cuts, spareribs and hams. July sales, in contrast to the lower socio-economic areas, fell below their 1969 levels for all but spareribs, hams and riblets. August volumes however rose some 30 percent as a result of increased sales of loin cuts, hams, riblets and picnics. It should also be noted that in the higher socio-economic areas total pork sales increased more than in the lower socio-economic areas.

Personal Promotion Attempts[1]

The purpose of these promotional undertakings was to gain further insight into the various promotional alternatives that are available to producer commodity groups. The attempts were concerned primarily with studying two forms of promotion: (1) in-store promotion, and (2) feature advertising.[2] This research, although undertaken on

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[1] This final section is concerned with a review of the personal pork promotion attempts undertaken by the author. These trials ran concurrently with the Board's Edmonton campaign.

[2] For this study, in-store promotion is defined as promotion undertaken to influence the consumer after she has entered the store; and, feature advertising is defined as a food store promotion that features only the cuts of one meat commodity.

a small scale, has yielded some important and useful observations.

In-Store Promotion:[1] Two in-store promotional emprises were develcped and studied: (1) an 'in-person' cooking demonstraticn, and (2) a static visual display. These studies were carried out in two different stores with each also having a seperate control store.

A. Cocking Demcnstration -- This form of promotion is personal and direct. It is perhaps the most expensive promotional tccl on a dollars per consumer informed basis, since it involves developing a demonstration display, hiring and training a hostess, purchasing the meats to be used, and providing recipe and other informational handouts.[2] Moreover, this fcrm of promotion involved numerous extennalities tc the commodity that had to be taken into account, such as: 'the product is only as good as the hostess'; the time, date, place and location of the demonstration; and the required coordination with the store cn the prcducts to be specialed. However, this tool has advantages cver the other promotion tools, in that, it offers direct contact with consumers, allowing for

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[1] For reporting purposes the actual logistics of the promotions will not be discussed but rather the observations made of them as promtional tools.

[2] The demcnstration dollar cost was approximately one hundred and twenty five dollars while the display cost was approximately forty-five dollars, with the number of customers at the meat counter about the same for each promotion.

producers/product identification, feedback, informational transfer and increased opportunities for cooperation.

How are sales affected? The immediate effects are somewhat easier to monitor than for other tools since these are limited short-run promotions focusing on specific cuts. The study results, as reported in Table 5.20, indicate that the test stcres' sales of the demonstrated cuts did increase substantially, with the result that pork increased it's market share during the demonstration period by almost 5 percent. In comparison, the ccntrol stores' sales for the same period remained relatively static. However, the longer term effects were difficult to ascertain as this tool was cnly one of the many factors influencing consumer meat purchases.

E. Visual Display -- This tool is considered to be the 'quiet one' and is concerned with influencing the consumer indirectly by the use of promotional posters, cards, pamphlets, etc.. The advantages of this tcol over that of demonstratiens are: (1) its money cost is substantially less; (2) it is more easily controlled; (3) it can be utilized in all meat departments; and, (4) it better promotes the entire commodity. However it offers little consumer contact, feedback or producer/product identification. From the study, moreover, its' direct affect on sales was much more difficult to determine than for the demcnstration since it was only one of the market

forces in action and also because it was not directed towards any specific cut or cuts. Table 5.21 does, nevertheless, indicate that during the display period, the sales of pork were slightly higher than for the periods either before or after it was utilized, although not significantly different from the sales pattern of the control store.

Feature Advertising: This promotional tool was undertaken by all the stores studied and involved the featuring of strictly pork items in the meat department for a particular week.[1] What effect does a campaign such as this have on the sales of the commodity and on the sales of other meats? Table 5.22 reports the results of the campaign studied. Pork sales increased substantially while both beef and poultry sales were relatively unchanged, with the result that during the period pork sales accounted for more than 45 percent of total meat sales.[2] Of the pork items specialed the greatest gains were registered by those cuts which were featured, i. e. spareribs, riblets and shoulders.

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[1] This type of feature for pork was undertaken annually by the stores and the results of one such program are reported in this section.

[2] In discussing these results with the stores' meat managers, they indicated that, in comparison, when only beef is featured - beef volumes increase however this increase tends to be offset by declines in sales of other fresh meats.

TABLE 5.20: WEEKLY SALES OF DEMONSTRATED PORK AND OTHER CUTS, IN POUNDS

Cut / Week	Loins*	Spare-ribs*	Shoulders	Hams	Rib-lets	Hocks	Total Pork	Beef	Poultry	Total Meat
Test Store										
Before	225	75	56	180	80	43	659	2297	540	3496
During	373	140	52	194	115	41	915	2434	523	3872
After	292	60	50	176	93	47	718	2519	577	3814
Control Store										
Before	230	69	45	165	75	24	608	2406	605	3619
During	244	65	54	156	81	33	633	2387	587	3607
After	238	71	51	174	67	29	630	2442	596	3668

* Pork cuts used for demonstration.

TABLE 5.21: WEEKLY PORK SALES BEFORE, DURING AND AFTER DISPLAY PERIOD, IN POUNDS

Cut / Week	Loins	Spare-ribs	Shoulders	Hams	Rib-lets	Hocks	Total Pork	Beef	Poultry	Total Meat
Test Store										
Before	267	120	54	234	70	90	835	2926	480	4241
First Week	276	108	57	247	95	105	888	2497	646	4031
Second Week	290	131	52	228	89	109	899	2485	672	4056
After	273	147	55	240	82	98	895	2401	654	3950
Control Store										
Before	240	97	61	198	55	88	738	2505	515	3759
First Week	228	110	53	213	64	94	762	2631	561	3954
Second Week	244	84	57	189	61	79	714	2496	533	3743
After	237	93	56	202	58	91	737	2544	524	3805

TABLE 5.22: FEATURED PORK-WEEKLY SALES VOLUMES, IN POUNDS

Week \ Cut	Loins	Spare-ribs*	Shoul-ders*	Hams	Rib-lets*	Hocks	Total Pork	Beef	Poultry	Total Meat
Before	270	120	100	70	105	20	685	2140	674	3499
During	722	495	368	170	510	68	2333	2094	690	5117
After	300	135	85	110	140	27	797	2207	686	3690

* Featured Cuts

CHAPTER VI

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

> .... I say "might be" instead of "would be" because I know of no technique by which anyone can measure what selling effort, what advertising appeal, or what promotion method, actually accomplishes a change in sales results. But the competitive bidding for consumer's alternative spending is so intense that I believe agriculture cannot ignore it; and it seems to me unnecessarily fatalistic to gain sales only through price concession.
>
> H. DeGraff "Economic Aspects of Food Advertising and Promotion", J.F.E. Vol. 37, 1955, 1471.

The primary focus of this study has been an examination of the role of an agricultural commodity group undertaking to promote their product at the retail/consumer level. It is the purpose of this chapter to briefly summarize the study and in particular the results of Chapter V, reporting the conclusions and market implications regarding producer promotion at the retail level that have been derived from the foregoing observations and analysis. This chapter concludes with recommendations regarding the role of producers in promotion and the need for further research in food promotion by commodity groups.

SUMMARY

Chapters I through IV provided the framework for understanding agricultural commodity group promotion. Chapter I reviewed the importance of pork, to both agriculture and the consumer, in outlining the need and purpose of the study. Chapter II, in providing a theoretical economic framework for advertising, discussed the role, forms and effectiveness of commodity promotion. The process of developing and of executing an agricultural commodity market plan for Alberta pork was discussed in Chapter III, with the problems in evaluating the response to market development and promotion being dealt with in Chapter IV. Chapter V described the retail meat counter, its composition, socio-economic differences and the effect of the pork promotion on the composition as well as its direct affects on pork sales.

The results of the study's analysis, as reported in Chapter V, can be summarized as follows:

1. Fresh Meat Interrelationships

In general, at the meat counter, beef is the consumers principle choice, with approximately 60 percent of total meat sales. Pork and poultry are secondary, with each accounting for about 20 percent of total meat sales. However, this composition varied from these levels somewhat

within the city's different socio-economic regions, as consumers in the lower socio-economic areas purchased more pork and less beef and the higher socio-economic regions' consumers purchased more beef and less pork. Moreover, the higher socio-economic regions were more price sensitive and did increase their pork consumption.

The weekly fluctuations in sales for all stores studied tended to be more similar in 1970 than in 1969 with weekly pork volumes almost always higher in the lower socio-economic areas than in the higher socio-economic regions.

The inter-commodity cut comparisons indicated that the principle cuts of pork were loins, hams, shoulders and spareribs. The higher socio-economic areas' consumers purchasing primarily loin and ham cuts, which accounted for 50 percent of the areas' total pork sales; in contrast, pork sales in the lower socio-economic areas was more broadly distributed to also include more shoulder cuts, riblets, hocks and picnics. The variation in consumption patterns of other meats for the different socio-economic regions was also apparent. The lower socio-economic consumers purchased a higher proportion of the lower quality beef cuts (fronts and chucks) and utility turkeys; whereas, the stores in the higher socio-economic areas can merchandise all cuts of beef readily and their customers favor whole grade 'A' turkey.

2. Pork Promotion Effectiveness

The price elasticity analysis undertaken indicated that the retail meat price changes in 1970 should have increased pork sales by slightly more than 5 percent. However, the study's results indicated that pork sales had actually risen by more than 16 percent. Moreover, the status of the other meats was generally favorable with beef sales remaining relatively unchanged, as expected; chicken volumes were even more positive than expected; and only turkey sales were substantially down from the expected changes due to meat price changes. Consumers' poultry preferences appear to have shifted away from turkey in favor of chicken, as chicken sales were higher than was expected due to the change in price of chicken.

Also apparent were the variations in quantity in the different socio-economic regions. In general, total meat sales other than pork were not appreciably affected in the higher socio-economic areas; however, in the lower socio-economic areas the sales of the other fresh meats were affected by the increase in pork sales. Only turkey volumes were down in the higher socio-economic areas, whereas, in the lower socio-economic areas both turkey and beef sales were down. Moreover, a comparison of the composition differences revealed that the greatest proportional expansion for pork was in the lower socio-economic areas,

and concurrently, the importance of beef increased in these areas. Indicating the restricted purchasing power in the lower socic-economic areas. In the higher socio-economic areas, on the other hand, the importance of beef actually declined as pork and chicken consumption increased at a faster rate than beef.

The examination of the intra-commodity changes revealed that there was an overall decline in the importance of shoulder cuts, hocks, legs and picnics and an increase in sales of spareribs, riblets, hams and choppettes. The time period and magnitude of the shifts in the sales volumes of the pork cuts varied considerably. June 1970 sales showed a shift towards loin cuts, spareribs, backs and choppettes and away from shoulder cuts, hocks and picnics. By August 1970, the sales composition was similar to that of August, 1969.

The socio-economic breakdown indicated that in the lower socic-economic areas June pork volumes declined with only loins, spareribs and riblets up over 1969 volumes. July volumes recovered , lead by the loin cuts, riblets, hams and hocks and by August, volumes were up 15 to 45 percent. In comparison, June volumes were up more than 35 percent in the higher socio-economic regions, due primarily to the loin cuts, spareribs and hams; however, July sales fell below their 1969 levels for all but spareribs, hams and riblets. August volumes rose 30 percent lead by loins,

hams, riblets and picnics.

The personal pork promotion attempts undertaken indicated that for instore promotions, demonstrations have a more direct effect on sales than have displays. The sales results for both, however, were positive. Feature advertising, however, was the most effective tool studied, as pork sales increased substantially and with limited short-run side-effects on other meats.

CONCLUSIONS

Given the above summary, the following conclusions can be drawn concerning commodity group promotion in general and more specifically the pork producers' promotion of pork at the consumer level.

The Retail Meat Counter

The environment of the meat counter is such that pork at the retail level cannot be considered independent of the other meat commodities. Unfortunately, this study has been unable to draw a firm conclusion as to whether the pork promotion undertakings, while benefiting the sales of pork, did not also adversely affect the other fresh meats. However, the interrelationships and interdependancies among the fresh meats remained relatively unchanged over the study

period which would indicate that in the short-run, the promotion of pork did not appreciably affect the other fresh meats.

Importance of Different Socio-Economic Goups

From examination of the socio-economic difference it can be concluded that:

1. This campaign was more effective in the higher socio-economic areas. This may, in part, be due to the barbecue theme being more readily accepted in the higher socio-economic areas. It would also appear that the higher socio-economic consumer is more responsive to price changes.
2. The initial, short-run expansion of demand for pork is made in areas where it is less important to consumers. lower income consumers have somewhat inflexible buying habits whereas higher income consumers have more flexible buying habits.
3. The interdependance at the retail level among meat commodities is more important in the lower socio-economic areas than in the higher socio-economic areas, since the lower socic-economic consumers have less buying flexiblity due to their limited incomes.

Intra-Commodity Differences

The prcmoticn theme is of prime importance as it directly affects what will be promoted. In this case, pork was promoted with a barbecue theme, with the result that the pork cuts lending themselves tc barbecuing showing the most positive sales changes.

Other Promctional Tools

Personal demcnstrations are expensive and therefore their use should be limited. Visual displays are a more useful tool for commodity grcups. Feature advertising can increase pork sales in the short-run. The coordination of promotion with feature advertising offers the most favorable environment for a successful program as the consumer is not cnly being asked to purchase the commodity but is also influenced by the more favorable cut prices.

Producer Pork Prcmotion

The fcllowing conclusions concerning 'producers as promoters' can be made from this study:

1. Retail commodity promotion is a useful and important tool in maintaining and expanding the demand for pork.

2. Commodity promotion does have a place at the retail/consumer level in an informational and educational

role since there presently exists a void in this area as the other sectors in the channel have chosen to utilize other methods of promotion.

3. Commodity promotion can modify the seasonal demand patterns by being utilized during traditional low demand periods, thereby providing improved, more stable demand throughout the year.

4. Commodity promotion is most successful when coordinated with packer and retialer cooperation and assistance.

5. The meat channel, from wholesaler to consumer, lacks important, accurate and necessary information concerning pork. More statistics and other information, about its' production, its' processing and its' consumer acceptance, and cooperation of all sectors from producer to consumer is required before fundamental improvements can be forthcoming in increasing the consumption of pork.

RECOMMENDATIONS

Since this study was concerned with the investigation of a new field of endeavor for agriculture and in food marketing, the question is raised: Where do we go from here? The following recommendations are made in this regard:

1. Retail pork promotion should continue to be utilized as a marketing tool by the Board. Moreover, it should continue

to be utilized on a short term, limited objective basis.

2. The Board, as the representative of the pork producers, should become a pork information 'bank'. The Board should develop and make available informational and promotional materials to the industry and become involved in consumer education. In the long-run consumer education is the key to increased sales.

3. The Board should undertake to collect retail meat prices and quantity data for all areas of their market on a continual basis in order that they, themselves become better informed and able to evaluate the operations of their market.

4. The cooperation of all sectors of the marketing channels for pork is essential not only for promotion but for the improvement of pork marketing in general. Therefore, the Board should attempt to improve industry communication by developing both formal and informal associations with all concerned.

5. That the future promotional research undertaken by the Board be more specifically defined and have the necessary support required to accomplish those objectives.

RECOMMENDATIONS FOR FURTHER RESEARCH

This initial research into commodity promotion has raised more questions than have been answered and, in this regard, the following recommendations for further research are made.

1. Retail food marketing research is of relatively recent origin and little is known about the operations of one of Canada's largest industries. Moreover, what occurs between the 'farm gate' and the consumer should be of concern to all of us since we are part of that food chain. In this regard, some doors have begun to open with research studies such as this one, and it is hoped that others will follow in attempting to more fully understand our food marketing system.

2. More specifically, continued meat retailing research is fundamental, not only to the understanding of meat retailing, but also to the determination and development of marketing tools which will improve the marketing position of agricultural producers.

3. Further investigation should be undertaken by agricultural organizations as to the possible use of agricultural commodity promotion in competing with non-agricultural substitutes. Maintaining the importance of an agricultural commodity not only benefits the commodity group but also agriculture in general.

4. Research should be undertaken into the

operations of the marketing methods in the pork industry and in particular in regard to the present grading system and its application at the retail-consumer level. This recommendation although not derived directly from the research undertaken is made as a result of observations and discussions at the retail level which indicate that the present system is somewhat suspect as a 'grading system' since it only works at the producer-packer level and not at the retail level.

SELECTED BIELIOGRAPHY

The bibliography that follows has been compiled to include twc types of items. It includes those books and articles that are referred to in the thesis; and it also includes other wcrks on the economics of advertising and promotion, that I believe have some merit in the field of agricultural commodity marketing. the second type of material is included because I hope that The bibliography can save time for future writers on these subjects.

Sherman (19C0) includes a bibliography of the early works on advertising and Chamberlin (1936) has many references related to monopolistic competition. Other relevant bibliographies are those of Bylund, et. al. (1962), Dailey (1963), Simon (1970), Wales and Ferber (1963), and Wolfson (1963).

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APPENDIX A

THE ALBERTA HOG PRODUCERS MARKETING BOARD[1]

The affairs of the Board are the responsibility of the Board of Directors which consists of nine hog producers each elected from one of nine districts for a two year term. In each district, hog producers also elect five delegates to represent them. The delegate body is advisory to the Board and has certain authority. However, the Board of Directors is responsible for the vast majority of the affairs of the Marketing Board.

The Board of Directors annually elects from their numbers a Chairman who works closely with the General Manager in directing the day by day operations of the Marketing Board. The Board is functionally responsible for setting policy on issues affecting the hog producers as they market their product and it operates according to the authority delegated to it by the Agricultural Products Marketing Act of the Province of Alberta. The General Manager is assisted by 20-25 support personnel who provide the necessary sales, accounting, data processing, secretariat, economic analysis, and communications responsibilities.

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[1] Further, more detailed information concerning the Board will be found in: M.H.Hawkins, J.L.Dawson, A.A.Warrack and L.Quantz, Development and Operation of the Alberta Hog Producers Marketing Board , Bulletin 12 (Edmonton: Department of Extension, University of Alberta, December, 1972).

APPENDIX B

THE BOARDS INITIAL PROMOTION CAMPAIGN

The Board initiated a promotional program for Alberta pork in the domestic market in Febuary 1970, by hiring a free-lance consumer consultant. Market research was undertaken to determine present markets for Alberta pork, and consumer market problems for pork were studied and evaluated. When this primary market research was completed, promotional efforts were then focused on Edmonton, Calgary and Vancouver.

The first advertising and promotional campaign was launched in Edmonton in late May, 1970, and ran for 12 weeks. The sequence of events was as follows:

May 26 - Kickoff Barbeque

- Advertisments in the Edmonton Journal began.

May 28 - Radio commericals began and ran Friday and Saturday of each week for the duration of the campaign.

June 4-6, 11-13, 18-20, 25-27, July 16-18, 23-25, 30-Aug 1 — The Alberta Department of Agriculture participated in summer promotional activities by featuring a demonstration trailer built around a 'barbeque-pork' theme. This trailer made visits to seven Edmonton shopping centres during the campaign.

In-store promotion kits, including posters, "back-strips", and recipe leaflets were also utilized.

With a grant from the Alberta Government, the Board was able to extend its promotional program to Calgary in the latter part of June and to Vancouver in the middle of July.

APPENDIX C[1]

There is no standard formula which if followed will guarantee the success of any promotion. Demand creation for any commodity or service is typically a complex and costly process.

While a "textbook formula" for successful promotion does not exist, there would appear to be certain procedures and determinations which, if followed, will aid agricultural commodity groups in conducting more efficient promotional programs. The objective of this appendix is to suggest and describe certain procedures or management practices that can be more effectively used by commodity organizations in evaluating the promotion potential of their products, formulating promotion objectives implementing and controlling promotion, and in evaluating accomplishments.

A. The Promotion Potential

> Promotion should not be regarded as a "can't miss" panacea for declining consumption or oversupply. It is doubtful if promotion in and by itself can be effective if the product itself is not "right,"

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[1] The contents of this Appendix were taken from a similarily entitled section of the publication "Advertising Procedures and Practices of Agricultural Commodity Promotion Groups" written by E.E. Frye, H.W. Boyd, Jr., and R. Westfall; and published by the U.S. Department of Agriculture as Marketing Research Report No. 567, p. 22-27, 1962.

if inadequate distribution prevails, or if the price is not right. Thus, agricultural groups considering promotion should ask and attempt to answer as realistically as possible the question, "What can promotion do?"

Admittedly, this is a difficult question and one that can not be answered with absolute certainty. However, in attempting to evaluate the promotion potential, the following factors, among others, should be considered.

1. The demand for the product . All information possible should be obtained and evaluated on the nature of demand and demand trends for the products to be promoted. This includes such factors as trends in consumption of your products and competitive products, seasonality of demand, characteristics of consumers, and geographic nature of demand.

2. The nature of competition . Determine what products are competitive with yours. Take into consideration the current promotion effort behind competi tive products and the possible reaction of competitors to your promotion.

3. Examine possibilities for product differentiation . Opportunity to differentiate your product enhances the potential of promotion. Differentiation may be accomplished through quality control, labeling , processing, packaging, etc. Unless some form of differentiation is possible, your promotion may help your competitors' products as much as your own.

4. Know consumer attitudes and opinions about your products . This information will not only serve as a basis for provid ing consumers with what they want, but also will serve as a basis for determining if consumer motives for purchasing lend themselves to promotion exploitation.

5. View promotion as a component in the marketing mix . Promotion should be viewed as only one of the components in the marketing mix. The return

expected from promotion should be comparable with that from the same investment in other components in the marketing mix.

6. Determine availability of promotion funds. In the final analysis, the question "What can promotion do," can be answered only in view of the funds available for investment. While most groups will agree that promotion funds are never adequate, a determination must be made as to whether available resources can finance a program that will have a positive and beneficial effect on demand. A complete examination of the products to be promoted will suggest the level of promotion effort that will be effective.

7. Use research results. In many instances, a great deal of information is available in the form of research findings which can be used in appraising the promotion potential. Market and demand analyses, consumer attitudes and opinions, and distribution studies, and many other types of information are available from both private and public sources. However, if such information does not prove adequate, consideration should be given to financially support ing research that will at least provide basic information for decision making purposes.

B. Promotion Objectives

If it is determined that a favorable promotion potential exists, the next logical step is to formulate the promotion goals. These goals, of course, will be directly influenced by the previous examination of the promotion potential of your products. The task of determining or establishing objectives as envisioned here is more involved than to simply determine that your objective is to increase sales or demand.

1. Objectives should be specific. Objectives should be specific in terms of:

(a) Consumer preferences or needs to be satisfied,

(b) Market segments to be served,

(c) Geographical coverage , and

(d) Customer classification.

2. Objectives should be formalized and recorded . Objectives should be prepared so that everyone connected with the promotion program will be aware of its goals. Complete and detailed objectives will serve as a basis for drafting an operating program and for seriously appraising it.

3. Objectives should reflect financial resources . Objectives should not be out of reach of funds available for financing promotion. In setting specific objectives recognition must be made of funds available for pro motion and promotion costs must be equalled with resources.

C. Agency Assistance

Many factors should be considered including the need for the assistance of an agency or agencies in carrying out the promotional objectives. Probably the basic consideration is the availability of specialized personnel within the promotion group qualified to develop and implement a program to meet the promotion objectives. Involved in this consideration is both the need for and availability of specialists, the value of the outside point of view, and the economics of specialization.

1. Criteria for agency selection . Matching skills required with the job to be performed should be the basic criterion for agency selection. Experience and agency capability are other prime criteria. Other considerations involved are the geographic proximity of the agency to the promotion group's headquarters, services the agency can perform, stability of the agency and agency policies regarding service and costs.

2. Agency selection procedures . Criteria for agency selection should be developed through some type of formalized procedures. This can be done

through properly constructed questionnaires and through presentations by agencies. Also, inquiries should be made of current or past agency clients, particularly their agricultural clients. The main consideration is that agency selection be based on some logical predetermined procedure that will assure evaluation of all pertinent qualifying factors.

D. The Promotion Program

If an agency is employed, it will be its responsibility to plan and present to the promotion group a program that meets their stated objectives. Thus, the promotion objectives will determine the broad nature of the program, that is, whether it is consumer oriented, trade oriented or a combination of the both. A group's promotion objectives will also exert strong influence on the specific forms of promotion incorporated in the program. This will involve deciding between or the combination of media and non-media advertising, merchandising activities, and public relations effort. Whether the program is developed by the promotion group or by an agency, certain steps should be observed.

1. Determining the promotion message. --This involves deciding on and preparing copy or the message which promotion will deliver. This includes determining what to say to whom. Product characteristics that are likely to have consumer appeal such as health values, versatility of use or similar attributes are examples of messages that may be used.

2. Selection of carriers for the promotion message. --Selection of a carrier or carriers for the promotion message is dependent on the audience or marketing segment to be reached. The message can be carried through advertising, merchandising and educational activity.

3. Advertising. --In promotion through advertising, there are two major areas to consider, namely, media and non-media.

(2) Media. --Media selection can be made only after identification of audiences to be reached and determining the media that reaches these targets. Alternative media, where available, should be appraised on their relative suitability. Both qualitative and cost considerations must be weighed in selecting a medium or media that best accomplishes the mission.

(b) Non-Media. --The same basic considerations involved in media selection are also involved in non-media selection. However, lack of readily available information on cost and coverage of alternative forms of non-media advertising probably makes it more difficult to evaluate in advance than media forms.

4. Merchandising. --Promotion through merchandising may take many forms. Some of these are distribution of in-store promotion materials and dealer services activity.

While criteria for advance evaluation of merchandising activities may be difficult to establish, alternatives should be evaluated through all means available. Groups should be coordinated with other promotion activities and not considered an independent program.

(a) In-store promotion material. --These materials are for use in retail outlets and must be suitable to the trade as well as effective sales aids. Production of in-store promtoion material is generally expensive. Consequently, control should be imposed to reduce waste and insure maximum use. Available distribution methods should be compared as to effectiveness in placing material.

(b) Dealer-servicemen. --The duties of dealer servicemen as they relate to the total promotion program should be spelled out. Geographic areas and market segments to be covered should be specific. Field representatives should be up to date on the products promoted and informed on current merchandising practices and techniques. Dealer servicemen should not only be used as

promotion agents but should be used as a continuing source of information on sales trends, competitive products, other promotions, and trade reaction and attitudes. Joint arrangements with other promotion groups should be investigated by groups that because of their budgets or seasonality of the products promoted cannot independently maintain a field force on a year-round basis.

5. Educational activity and editorial publicity .--While these types of promotion do not lend themselves to a specific brand promotion, they do offer many opportunities for general product or commodity promotion. Promotion groups should not overlook opportunities to present product use and characteristic information to consumer groups, school groups etc. Suitably prepared information, if timely, will be used by magazines, newspapers, radio, and television in their consumer oriented public service programs.

6. The promotion schedule .--The various forms of promotion should be scheduled to compliment each other and to best fit the marketing and distribution of the product promoted. To the extent possible, promotion should be scheduled in advance so as to permit and encourage the trade to tie in with their own promotion effort. Dealer service men particularly may find an advance schedule on advertising useful in obtaining better merchandising cooperation from wholesalers and retailers, and in planning their activities. However, the scheduling of promotion should be flexible enough to be responsive to needs that cannot be anticipated in advance.

E. Control and Supervision

No set pattern of organization can be suggested that will assure the most efficient management of promotion activity. However, sound management practices that make full use of the abilities possessed by staff members will provide the most favorable environment for success.

1. Responsibility for promotion .--Responsibility

for all activity relating to promotion whether it be formulation of objectives, selecting an agency, program planning and review, working control or appraisal of promotion effectiveness should be specifically stated. Individual or unit responsibility for each phase should be clear. Responsibility for coordination, both of the various forms of promotion and with marketing functions, should be specifically provided for.

2. Agency relations .--Communication procedures with the agency or agencies should be stipulated with respect to point of contact both within the promotion group and agency.

3. Services provided .--To the extent possible services to be provided by both the agency and promotion group and the timing of these services should be specified. Scheduling and specification of services to be provided will reduce misunderstandings and eliminate delay in promotion implementation.

F. Appraisal of Promotion

A promotion group should engage in continuing appraisal and comparison of its specific promotion activities. Periodically, general or more complete appraisals should be made of the total program. Some of the procedures that may be used for continuing appraisal are:

(1) Copy testing

(2) Media and non-media evaluation

(3) Dealer service reports

(4) Trade contacts

(5) Examination of sales trends or fluctuations

Periodically, a more complete appraisal should be made of the appropriateness of the promotion objectives and the overall effectiveness of the promotion program. This appraisal should examine

performance in meeting the detailed objectives of the promotion program. This may involve:

1. Examining consumption data in total, by market segments, geographic areas, and type of consumer.--Where a promotion group also performs the marketing function, their own sales information at least provides some basis for evaluation.

2. Determining consumer and trade attitudes.--Attitude studies, both in respect to the promotion effort and products promoted, provides a measure of approval of the promotion program and changes that may occur in product acceptance.

3. Use of research.--Implied in all phases of promotion appraisal is the use of research. Appraisal of promotion should be systematic in that a determination is made of the need for information, and sound procedures are used in analyzing this information. Where sufficient basic information is not available for an appraisal of promotion, the promotion groups should consider the feasibility of conducting research.

APPENDIX D

RETAIL MEAT PRICE SURVEY

Store No. _____ Week Ending _____

Product	Price/ Pound	Product	Price/ Pound
Pork			
1. Boneless Loin Roast		**Beef Roasts**	
2. Shld. Roast (Montreal)		32. Sirloin Tip	
3. Shld. Steak		33. Rump - corner cut	
4. Ham Steak		34. Boneless Rump	
5. Tenderloin		35. Prime Rib	
6. Cutlets		36. Cross Rib	
7. Chops R.E.		37. Round Bone (Pot)	
8. Chops C.C.		38. Chuck	
9. B and S Chops		39. Chuck Semi Boneless	
10. Boneless Chops		40. Chuck Boneless	
11. Side Spare Ribs			
12. Back Spare Ribs		**Stew Meats**	
13. Riblets		41. Boneless Stew	
14. Button Bones		42. Beef Short Ribs	
15. Hocks		43. Shank	
16. Picnics Hock On		44. Ox Tail	
17. Leg of Pork P.C.			
18. Leg of Pork C.C.		**Ground Meat**	
19. Chopettes		45. Hamburger	
20. Ham - RTS 1/2 skinned		46. Chuck	
		47. Pork	
Beef Steaks			
21. Porterhouse		**Chicken**	
22. Sirloin		48. Fryers Whole A's	
23. T Bone		49. Fryers Cut Up	
24. Club		50. Drumsticks	
25. Round		51. Wings	
26. Boneless		52. Breasts	
27. Rib			
28. Chuck		**Lamb (Frozen)**	
29. Sandwich		53. Leg Trimmed	
30. Minute		54. Shld. Chops (Roast)	
31. Steakettes			